DOCUMENT RESUME

ED 036 632 VT 010 274

TITLE	EMPLOYMENT AND TRAINING LEGISLATION--1968; HEARINGS.
INSTITUTION	CONGRESS OF THE U.S., WASHINGTON, D.C. SENATE COMMITTEE ON LABOR AND PUBLIC WELFARE.
PUB DATE	68
NOTE	732P.
EDRS PRICE	EDRS PRICE MF-$2.75 HC NOT AVAILABLE FROM EDRS.
DESCRIPTORS	*EMPLOYMENT, *FEDERAL LEGISLATION, *JOB TRAINING, *LABOR LAWS, *MANPOWER DEVELOPMENT
IDENTIFIERS	*CONGRESSIONAL HEARINGS

ABSTRACT

TESTIMONY FROM 39 WITNESSES WHO APPEARED BEFORE THE SUBCOMMITTEE ON EMPLOYMENT, MANPOWER, AND POVERTY IN 1968 IS PRESENTED IN THIS VOLUME. IN ADDITION, STATEMENTS, ARTICLES, AND LETTERS OF VARIOUS LABOR, EDUCATIONAL, GOVERNMENT AND INDUSTRIAL REPRESENTATIVES ARE INCLUDED. ALSO INCLUDED ARE THREE BILLS PRESENTED BEFORE THE SECOND SESSION OF THE NINETIETH CONGRESS, WHICH PROPOSED TO PROVIDE EMPLOYMENT AND TRAINING OPPORTUNITIES FOR LOW INCOME AND UNEMPLOYED PERSONS, TO PROVIDE A COMPREHENSIVE MANPOWER POLICY, AND TO EXTEND THE TIME LIMIT AND CERTAIN PROVISIONS OF THE MANPOWER DEVELOPMENT AND TRAINING ACT. BACKGROUND INFORMATION ON THE HEARINGS, REPORTS OF NATIONAL COMMITTEES AND COMMISSIONS, AND TEXTS OF THE MANPOWER DEVELOPMENT AND TRAINING ACT AND TITLE IB AND D OF THE ECONOMIC OPPORTUNITY ACT ARE AVAILABLE AS VT 010 275. NOT AVAILABLE IN HARD COPY DUE TO MARGINAL LEGIBILITY OF ORIGINAL DOCUMENT . (BC)

ED036632

EMPLOYMENT AND TRAINING LEGISLATION—1968

HEARINGS

BEFORE THE

SUBCOMMITTEE ON
EMPLOYMENT, MANPOWER, AND POVERTY

OF THE

COMMITTEE ON
LABOR AND PUBLIC WELFARE
UNITED STATES SENATE

NINETIETH CONGRESS

SECOND SESSION

ON

S. 3063

TO PROVIDE EMPLOYMENT AND TRAINING OPPORTUNITIES FOR LOW-INCOME AND UNEMPLOYED PERSONS

S. 3249

TO PROVIDE A COMPREHENSIVE NATIONAL MANPOWER POLICY, TO IMPROVE THE MANPOWER DEVELOPMENT AND TRAINING ACT OF 1962, TO AUTHORIZE A COMMUNITY SERVICE EMPLOYMENT PROGRAM, AND FOR OTHER PURPOSES

S. 2938

TO EXTEND CERTAIN EXPIRING PROVISIONS UNDER THE MANPOWER DEVELOPMENT AND TRAINING ACT OF 1962, AS AMENDED

MARCH 18, APRIL 1, 3, 5, 30, MAY 7, 9, 10, 13, 14, 15, AND 24, 1968

Printed for the use of the Committee on Labor and Public Welfare

VT010274

ED0 36632

EMPLOYMENT AND TRAINING LEGISLATION—1968

HEARINGS

BEFORE THE

SUBCOMMITTEE ON
EMPLOYMENT, MANPOWER, AND POVERTY

OF THE

COMMITTEE ON
LABOR AND PUBLIC WELFARE
UNITED STATES SENATE

NINETIETH CONGRESS

SECOND SESSION

ON

S. 3063

TO PROVIDE EMPLOYMENT AND TRAINING OPPORTUNITIES FOR LOW-INCOME AND UNEMPLOYED PERSONS

S. 3249

TO PROVIDE A COMPREHENSIVE NATIONAL MANPOWER POLICY, TO IMPROVE THE MANPOWER DEVELOPMENT AND TRAINING ACT OF 1962, TO AUTHORIZE A COMMUNITY SERVICE EMPLOYMENT PROGRAM, AND FOR OTHER PURPOSES

S. 2938

TO EXTEND CERTAIN EXPIRING PROVISIONS UNDER THE MANPOWER DEVELOPMENT AND TRAINING ACT OF 1962, AS AMENDED

MARCH 13, APRIL 1, 3, 5, 30, MAY 7, 9, 10, 13, 14, 15, AND 24, 1968

Printed for the use of the Committee on Labor and Public Welfare

U.S. GOVERNMENT PRINTING OFFICE
94-753-O WASHINGTON : 1968

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
OFFICE OF EDUCATION

THIS DOCUMENT HAS BEEN REPRODUCED EXACTLY AS RECEIVED FROM THE PERSON OR ORGANIZATION ORIGINATING IT. POINTS OF VIEW OR OPINIONS STATED DO NOT NECESSARILY REPRESENT OFFICIAL OFFICE OF EDUCATION POSITION OR POLICY.

COMMITTEE ON LABOR AND PUBLIC WELFARE

LISTER HILL, Alabama, *Chairman*

WAYNE MORSE, Oregon	JACOB K. JAVITS, New York
RALPH YARBOROUGH, Texas	WINSTON L. PROUTY, Vermont
JOSEPH S. CLARK, Pennsylvania	PETER H. DOMINICK, Colorado
JENNINGS RANDOLPH, West Virginia	GEORGE MURPHY, California
HARRISON A. WILLIAMS, Jr., New Jersey	PAUL J. FANNIN, Arizona
CLAIBORNE PELL, Rhode Island	ROBERT P. GRIFFIN, Michigan
EDWARD M. KENNEDY, Massachusetts	
GAYLORD NELSON, Wisconsin	
ROBERT F. KENNEDY, New York	

STEWART E. MCCLURE, *Chief Clerk*
JOHN S. FORSYTHE, *General Counsel*
EUGENE MITTELMAN, *Minority Counsel*

SUBCOMMITTEE ON EMPLOYMENT, MANPOWER, AND POVERTY

JOSEPH S. CLARK, Pennsylvania, *Chairman*

JENNINGS RANDOLPH, West Virginia	WINSTON L. PROUTY, Vermont
CLAIBORNE PELL, Rhode Island	JACOB K. JAVITS, New York
EDWARD M. KENNEDY, Massachusetts	GEORGE MURPHY, California
GAYLORD NELSON, Wisconsin	
ROBERT F. KENNEDY, New York	

MICHAEL W. KIRST, *Professional Staff Member*
ROBERT E. PATRICELLI, *Minority Counsel*

CONTENTS

Page

S. 3063 5

S. 3249 20

Amendment to 60

S. 2938 71

CHRONOLOGICAL LIST OF WITNESSES

MARCH 13, 1968

Kerner, Hon. Otto, Governor of the State of Illinois 79

Harris, Hon. Fred R., a U.S. Senator from the State of Oklahoma 114

Lindsay, Hon. John V., Mayor, New York, N.Y 132

APRIL 1, 1968

Gardner, Hon. John W., chairman of the National Urban Coalition, former secretary of the Department of Health, Education, and Welfare; accompanied by Ron Linton, consultant to National Urban Coalition; and Dr. Harold L. Sheppard, W. E. Upjohn Institute for Employment Research 160

APRIL 3, 1968

Tate, Hon. James H. J., mayor of Philadelphia and chairman, National League of Cities; accompanied by Richard Olanoff, managing director for employment; and Patrick McLaughlin 187

Biemiller, Andrew J., director, Department of Legislation, AFL–CIO; accompanied by Nathaniel Goldfinger, director or research; and Kenneth Young, legislative representative 209

Riessman, Frank, Ph. D., director, New Careers Development Center, New York University, N.Y 229

APRIL 5, 1968

Esser, George H., Jr., vice president, National Association for Community Development, and executive director, the North Carolina fund; accompanied by Richard Wenner, executive director, National Association for Community Development; and William Purcell of the staff of the North Carolina fund 249

Walsh, William F., mayor of the City of Syracuse, N.Y., representing the U.S. Conference of Mayors 268

APRIL 30, 1968

Abernathy, Rev. Dr. Ralph David, president, Southern Christian Leadership Conference 279

Young, Rev. Andrew J., executive vice president, Southern Christian Leadership Conference 291

Grass, Mrs. Martha, Ponca City, Okla 293

Gonzalez, Rudolpho, Denver, Colo 294

Fulcher, Robert, State of West Virginia 297

Ortiz, Jose, State of New York 299

Scott, Mrs. Alberta, Baltimore, Md 300

Tresjan, Mr. Lares, Chataqua County, N.Y 301

Charlo, Victor, Flathead Indian Reservation, western Montana 308

Brooks, Mrs. Lilly May, Sunflower City, Sunflower County, Miss 309

Page
Robinson, Mrs. Phyllis, Providence, R.I ---- 310
Robinson, Ray Jr., Chicago, Ill ---- 312
Peck, Sidney, associate professor of industrial sociology, Case Western Reserve University, Cleveland, Ohio ---- 313
Mangum, Dr. Garth L., codirector, Center for Manpower Policy Studies, the George Washington University ---- 328
Freeman, David, executive director, Washington Metropolitan Area Jobs Council, Inc ---- 346

MAY 9, 1968

Wirtz, Hon. W. Willard, Secretary of Labor; accompanied by Stanley H. Ruttenberg, Assistant Secretary for Manpower and Manpower Administrator, and Curtis C. Aller, Associate Manpower Administrator for Policy, Evaluation, and Research ---- 378

MAY 10, 1968

Unruh, Jesse M., assembly speaker, California State Legislature; accompanied by William F. Lipman, director, Federal office, California Legislature; Robert Singleton, assembly office of research; and Michael Mauley, legislative assistant ---- 427
Bishop, Dr. C. E., vice president, University of North Carolina, former executive director, President's National Advisory Commission on Rural Poverty; member, National Advisory Committee to the Secretary of Labor; and member, board of directors, North Carolina Manpower Development Corp ---- 476

MAY 13, 1968

Lovell, Malcolm R., Jr., director, Michigan Employment Security Commission ---- 497
Green, Alfred, director, New York State employment service ---- 497

MAY 14, 1968

Flanagan, Robert E., chief of educational services, Quincy Division, General Dynamics Corp ---- 535
Zisch, William E., vice chairman of the board of directors, Aeroject General Corp ---- 543
Carstenson, Blue A., assistant legislative director, National Farmers Union; accompanied by Sonny Marks, manpower coordinator, State of Virginia ---- 559

MAY 15, 1968

Abel, I. W., president, United Steelworkers of America; accompanied by Jack Sheehan, legislative director, Washington office ---- 565
Templeton, Dr. Arthur, director, McNamara Skill Center; Dr. William T. Kelly, director, John F. Kennedy Center for Vocational Training; and Dr. Jack Michie, director, East Bay Skill Center, panel ---- 587
Middlekauff, Robert M., manager, Wage and Manpower Planning Department, Ford Motor Co ---- 636

MAY 24, 1968

Samuels, Hon. Howard, Under Secretary, Department of Commerce; accompanied by Hon. Ross Davis, Assistant Secretary for Economic Development Administration ---- 643
Hackel, Mrs. Stella B., State of Vermont Commissioner of Employment Security ---- 667
Harvey, Carroll B., executive director, PRIDE, Inc.; accompanied by Marion S. Barry, Jr., director of operations ---- 683
Beebe, Leo C., executive vice chairman, National Alliance of Businessmen ---- 700

STATEMENTS

Page

Abel, I. W., president, United Steelworkers of America; accompanied by Jack Sheehan, legislative director, Washington office, prepared statement 565
Abernathy, Rev. Dr. Ralph David, president, Southern Christian Leadership Conference 279
  Prepared statement 281
Autry, George B., executive director, North Carolina Manpower Development Corp., prepared statement 485
Beebe, Leo C., executive vice chairman, National Alliance of Businessmen, statement 700
Biemiller, Andrew J., director, department of legislation, AFL–CIO; accompanied by Nathaniel Goldfinger, director of research; and Kenneth Young, legislative representative 209
  Prepared statement 225
Bishop, Dr. C. E., vice president, University of North Carolina 476
  Prepared statement 470
Brooks, Mrs. Lilly May, Sunflower City, Sunflower County, Miss 309
Brown, Miller, III, trainee, John F. Kennedy Center for Vocational Education, Philadelphia, Pa 599
Carstenson, Blue A., assistant legislative director, National Farmers Union; accompanied by Sonny Marks, manpower coordinator, Virginia 559
  Prepared statement 551
Charlo, Victor, Flathead Indian Reservation, western Montana 308
D'Alessandro, Thomas J., III, mayor, Baltimore, Md., prepared statement 266
Esser, George H., Jr., vice president, National Association for Community Development, and executive director, the North Carolina fund; accompanied by Richard Wenner, executive director, National Association for Community Development; and William Purcell of the staff of the North Carolina fund 249
  Prepared statement 250
Executive Committee of the Urban Coalition on Public Service Employment, prepared statement 159
Flanagan, Robert E., chief of educational services, Quincy Division, General Dynamics Corp 535
Freeman, David, executive director, Washington Metropolitan Area Jobs Council, Inc 346
  Prepared statement, with attachment 347
Fulcher, Robert, State of West Virginia 297
Gardner, Hon. John W., chairman of the National Urban Coalition, former Secretary of the Department of Health, Education, and Welfare; accompanied by Ron Linton, consultant to National Urban Coalition; and Dr. Harold L. Sheppard, W. E. Upjohn Institute for Employment Research 160
  Prepared statement 155
Grantham, J. O., vice president, Northern Systems Co 709
Grass, Mrs. Martha, Ponca City, Okla 293
Green, Alfred, director, New York State employment service 497
  Prepared statement 497
Gonzalez, Rudolpho, Denver, Colo 294
Hackel, Mrs. Stella B., State of Vermont Commissioner of Employment Security 667
  Prepared statement 667
Halpern, Hon. Seymour, a Representative in Congress from the State of New York 708
Harris, Hon. Fred R., a U.S. Senator from the State of Oklahoma 114
Harvey, Carroll B., executive director, PRIDE, Inc.; accompanied by Marion S. Barry, Jr., director of operations 683
  Prepared statement 684
Kelly, Dr. William T., director, John F. Kennedy Center for Vocational Education, Philadelphia, Pa 587
  Prepared statement 590
Kerner, Hon. Otto, Governor of the State of Illinois 79
  Prepared statement 99

Page

Leecan, Samuel B., trainee, John F. Kennedy Center for Vocational Education, Philadelphia, Pa. 599
Lindsay, Hon. John V., mayor New York, N.Y. 132
Lovell, Malcolm R., Jr., director, Michigan Employment Security Commission 497
    Prepared statement 489
Mangum, Dr. Garth L., codirector, Center for Manpower Policy Studies, the George Washington University 328
    Prepared statement 317
Michie, Dr. Jack, director, East Bay Skill Center, Oakland, Calif. 587
    Prepared statement, with attachments 608
Ortiz, Jose, State of New York 299
Peck, Sidney, associate professor of industrial sociology, Case Western Reserve University, Cleveland, Ohio 313
Riessman, Frank, Ph. D., director, New Careers Development Center, New York University, N.Y. 229
    Prepared statement 240
    Supplemental statement 245
Robinson, Mrs. Phyllis, Providence, R.I. 510
Robinson, Ray, Jr., Chicago, Ill. 312
Samuels, Hon. Howard, Under Secretary, Department of Commerce; accompanied by Hon. Ross Davis, Assistant Secretary for Economic Development 643
    Prepared statement, with attachments 644
    Response to questions submitted by Senator Jacob K. Javits 656
Sanders, William J., secretary, Connecticut State Board of Education 711
Scott, Mrs. Alberta, Baltimore, Md. 300
Tate, Hon. James H. J., mayor of Philadelphia and chairman, National League of Cities; accompanied by Richard Olanoff, managing director for employment; and Patrick McLaughlin 187
    Prepared statement 199
Templeton, Dr. Arthur, director, McNamara Skill Center, Detroit, Mich. 587
    Prepared statement 588
Tresjan, Mrs. Lares, Chatauqua County, N.Y. 301
Unruh, Jesse M., assembly speaker, California State Legislature; accompanied by William F. Lipman, director, Federal office, California Legislature; Robert Singleton, assembly office of research; and Michael Manley, legislative assistant 427
    Prepared statement 428
Walsh, William F., mayor of the city of Syracuse, N.Y., representing the U.S. Conference of Mayors 269
Wirtz, Hon. W. Willard, Secretary of Labor, accompanied by Stanley H. Ruttenberg, Assistant Secretary for Manpower and Manpower Administrator; and Curtis C. Aller, Associate Manpower Administrator for Policy, Evaluation, and Research 378
    Prepared statement 375
Young, Rev. Andrew J., executive vice president, Southern Christian Leadership Conference 291
Zisch, William E., vice chairman of the board of directors, Aero-jet Corp. 543

ADDITIONAL INFORMATION

American Vocational Association, policy resolution adopted December 8, 1967, Cleveland Ohio 606
Articles of incorporation of:
    National Alliance of Businessmen, Inc. 143
    The Urban Coalition 141
Articles, publications, etc., entitled:
    "Artificial Barriers to Employment and Promotion Must Be Removed by Both Public Agencies and Private Employers," excerpt from report of the National Advisory Commission on Civil Disorders 150
    "Burgeoning Training Centers Barely Dent Joblessness," by Paul W. Valentine, from the Washington Post, April 4, 1968 356
    "Developing Industry's Human Resources," Delaware Valley Announcer 600
    "Encouraging Business Ownership in the Ghetto," excerpt from report of the National Advisory Commission on Civil Disorders 145

- Articles, publications, etc., entitled—Continued
  - "Evaluating Federal Manpower Programs," by Garth L. Mangum, codirector, Center for Manpower Policy Studies at the George Washington University — Page 73
  - "Experimental Job Plan Born in Controversy," by Roberta Mackey, the Detroit Free Press, August 20, 1967 — 632
  - "Politics and People," by Alan L. Otten, Wall Street Journal, April 26, 1968 — 582
  - "Preliminary Report on Public Service Employment Needs in Cities With 100,000 Population or More," by Harold L. Sheppard, staff social scientist, W. E. Upjohn Institute for Employment Research, Washington, D.C. — 168
  - "The Employment Situation: April 1968," news release, U.S. Department of Labor, May 8, 1968 — 379
  - "White Against White," by Joseph Kraft, from the Washington Post, March 10, 1968 — 121
  - "White Man Gets Too Much Blame," from the Burlington (Vt.) Free Press, March 11, 1968 — 130
- California State Assembly bill No. 1463, proposing a Department of Human Resources Development — 443
- Comparison between concentrated employment program (CEP) and skill centers supplied by Department of Labor — 418
- Department of Labor, response to questions submitted by Senator Javits — 419
- Gunther, John J., executive director, U.S. Conference of Mayor's, questionnaire to the Nation's mayors — 172
- Health, Education, and Welfare, Department of, Office of Education, response to testimony presented to committee — 724
- Letters received:
  - Alford, Albert L., Assistant Commissioner for Legislation, Office of Education, HEW, dated June 17, 1968 — 724
  - Bredhoff, Elliot, special counsel, USWA, to Alex Fuller, USWA, retraining program, May 3, 1968 — 584
  - Byrd, Senator Robert C., West Virginia, to Senator Joseph C. Clark:
    - Letter of May 29, 1968, enclosing a letter from L. L. Vincent, commissioner of welfare, West Virginia, dated May 29, 1968 — 718
    - Letter of May 31, 1968, enclosing a letter from L. L. Vincent, commissioner of welfare, West Virginia, dated May 13, 1968 — 716
  - Cohen, Hon. Wilbur J., Secretary, U.S. Department of Health, Education, and Welfare, from Joseph S. Clark, a U.S. Senator from the State of Pennsylvania, April 19, 1968, with attachment — 288
  - Freeman, Hon. Orville L., Secretary, U.S. Department of Agriculture, from Joseph S. Clark, a U.S. Senator from the State of Pennsylvania, April 19, 1968, with attachment — 287
  - Manufacturers Association of Greater Philadelphia, Walter A. Chapel, executive director, to Senate Subcommittee on Manpower Training Program, May 9, 1968 — 604
  - Shedd, Mark R., superintendent, school district of Philadelphia, Pa., to Senator Joseph S. Clark, May 9, 1968 — 607
  - Standish, Myles, Greater Philadelphia Chamber of Commerce, to Senator Joseph C. Clark, May 9, 1968 — 606
  - Weitzel, Hon. Frank H., Assistant Comptroller General of the United States, to Senator Lister Hill, letter dated June 18, 1968 — 720
- Members of:
  - Steering committee of the National Urban Coalition — 162
  - Executive committee of the Urban Coalition — 162
- "Memorandum of Agreement," United States Steel Corp. and United Steelworkers of America — 585
- Philadelphia CAMPS summary: Evaluation and recommendations — 607
- Selected charts and tables:
  - "A Public Assistance Program To Encourage Labor Force Participation," graph — 474
  - "Average Hourly and Weekly Earnings of Earnings of Productions or Nonsupervisory Workers on Private Nonagricultural Payrolls, by Industry," table — 387
  - "Average Weekly Hours of Production or Nonsupervisory Workers on Private Nonagricultural Payrolls, by Industry," table — 386
  - "Characteristics of Enrollees in CEP and Skill Centers," table — 418

Selected charts and tables—Continued | Page
- "Employees on Nonagricultural Payrolls, by Industry," table 384
- "Employed Persons by Age and Sex," table 383
- "Employment Status of the Civilian Noninstitutional Population 16 Years and Over by Urban Poverty and Other Urban Neighborhoods and Color," table 388
- "Employment Status of the Civilian Noninstitutional Population 16 Years and Over for Urban Poverty and Other Urban Neighborhoods, by Age, Sex, and Color," table 388
- "Employment Status of the Noninstitutional Population, by Age and Sex," table 381
- "Full- and Part-Time Status of the Civilian Labor Force," table 382
- "Job Programs: What They Do, Who Runs Them," table 358
- "Major Unemployment Indicators (persons 16 years and over)," table 382
- "Manpower Programs by Activity," table 406
- "Trainees Placed in Jobs, 1967, John F. Kennedy Center for Vocational Education," table 604
- "Unemployed Persons by Age and Sex," table 383

EMPLOYMENT AND TRAINING LEGISLATION—1968

WEDNESDAY, MARCH 13, 1968

U.S. SENATE,
SUBCOMMITTEE ON EMPLOYMENT,
MANPOWER, AND POVERTY OF THE
COMMITTEE ON LABOR AND PUBLIC WELFARE,
Washington, D.C.

The subcommittee met at 9:30 a.m., pursuant to call, in the auditorium, G-308, New Senate Office Building, Senator Joseph S. Clark (chairman of the subcommittee) presiding.

Present: Senators Clark, Pell, Kennedy of New York, Javits, Prouty, and Murphy.

Committee staff members present: Stewart E. McClure, chief clerk; John S. Forsythe, general counsel; Eugene Mittelman, minority counsel of the committee; William C. Smith, counsel; Michael W. Kirst, professional staff member; Robert E. Patricelli, minority counsel of the Subcommittee on Employment, Manpower, and Poverty; and Peter C. Benedict, minority labor counsel.

Senator **CLARK**. The subcommittee will be in session.

The subcommittee is most grateful for Governor Kerner of Illinois' willingness to take time in his busy schedule to be with us today, and we are looking forward with keen interest to his statement.

I have an opening statement which I should like to read for the record, which outlines the reasons for these hearings and how we intend to conduct them and what our objective is.

We begin hearings today on one of the most important problems of our time—the problem of hard-core unemployment.

There are many aspects of this problem which we will be examining and I think it would be worth while to pose some of the issues that I, as one member of the subcommittee, will want to inquire into, both today with three members of the Riot Commission and at later sessions with future witnesses.

But before doing so, I will outline the main features of the legislation before us.

On February 29, I introduced the Emergency Employment and Training Act of 1968—a bill designed to provide jobs and job training in both the public and private sectors of our economy for 2.4 million hard-core unemployed during the next 4 years.

I interpolate at this point that this program is strikingly similar to that recommended by the Riot Commission of 2 million jobs in 3 years. I would also like to stress that this is a coincidence. We had no leaks from the Commission which had anything to do with organizing our program.

I personally feel pretty good about the fact that we came out with almost the same answer from the different studies we were conducting.

Our program is designed to close what the unemployment and job vacancy statistics reveal as a "job gap" of 2.4 million. According to the Bureau of Labor Statistics, there are approximately 4.4 million unemployed working age Americans who at any given time in recent years are either looking for jobs or have given up looking for work in the labor market.

On the other side of the equation there are estimated to be as many as 2 million job vacancies at any one time. Thus, of the 4.4 million unemployed, 2.4 million couldn't find a job no matter how qualified they were. The Emergency Employment and Training Act, which we are about to consider, is designed to close that gap. It would do so by creating 1.2 million public service jobs in local, urban and rural poverty areas throughout the country—jobs which will be socially useful and meaningful, and not just leaf raking.

There is no connection between this job program and the old WPA of the New Deal days, although I feel that that program was itself socially useful.

These jobs will improve our cities, towns and rural areas, rebuild our blighted neighborhoods, improve the physical environment in which we live, and provide for many of the human services needs that are not now being met.

These will be jobs also which will lead to career opportunities in private enterprise.

The remaining 1.2 million jobs would be created in private enterprise by providing private employers with the financial incentives necessary to hire, train, and keep low-income people on their payrolls.

Now, what do we hope to accomplish at these hearings?

There is certainly no lack of proposed solutions to the problems of hard-core unemployment. Spread upon the public record are:

First, the proposals that this subcommittee made 4 years ago in its report, "Toward Full Employment," for a public service employment program for the hard-core unemployed.

Second, bills for guaranteed and last-resort employment programs, which I understand, Governor, your Commission carefully considered and came out with a modified recommendation.

Third, bills sponsored by many of my colleagues to provide tax inducements to private industry to locate in poverty areas and to hire and train the hard-core unemployed. This matter was also given careful consideration by your Commission.

Fourth, the recommendation of the National Commission on Automation, Technology and Economic Progress in February 1966, over 2 years ago, that a 5-year program be established to provide 5 million public service jobs.

Fifth, the recommendation of the 1966 White House Conference on Civil Rights that the Federal Government assume responsibility for providing employment to workers who are unable to find productive employment in the regular job market.

Sixth, the report of the National Advisory Commission on Food and Fiber in July 1967, that public service employment be provided in rural areas and carefully integrated with training and relocation programs.

Seventh, the recommendation of the President's National Advisory Commission on Rural Poverty that "the U.S. Government stand ready to provide jobs at the national minimum wage, or better, to every unemployed person willing and able to work."

Eighth, and most recent, the recommendations of the National Advisory Commission on Civil Disorders, whose members we will hear today, that in 3 years 2 million new jobs be created for the hard-core unemployed—one-half in the public and one-half in the private sector. Surely this problem has been researched endlessly, not only by the committees and commissions which I have mentioned, but by the entire expertise of the United States in this whole area of manpower, employment and poverty.

Surely the time has now come to stop talking and to come forward with meaningful legislative and administrative action, and surely, gentlemen, this is the highest priority for the United States of America today.

The problem is not one of finding constructive solutions. I think the problem now is to find out how to make it possible for the best of these proposals to become programs—programs implemented with sufficient funds. I stress that because the sums of money needed will be large, and because skilled administrative manpower is scarce in these areas, to accomplish what everybody knows today or at least ought to know has to be done and done quickly. We have very little time.

It will be very, very hot this summer, next summer, and the summer after, that unless we in the Congress and they in the administration and the Governors and mayors of all of the local and State governments move on these programs promptly and with adequate funding.

The time has come when the brainpower, talent and dedication that has been so constructively devoted to studies and reports by task forces, commissions, and committees be applied to the task of making it possible for our political institutions, at all levels of government, to pass laws and carry out programs to fulfill the long sought goals of equal opportunity and social justice. In this area the cooperation of the private sector of the economy is absolutely essential and cannot be merely token. It must be massive.

So first, I hope these hearings will result in bringing out a bill in this one problem area, the area of hard-core unemployment. I want a bill that can be passed and signed by the President, and which will be meaningful, not just a token bill full of pious expressions of the support but no hard cash to accomplish what needs to be done. Finally, I know that this legislation will lead to jobs for the poor.

Second, I hope this subcommittee this year will continue the task which it began last year when we studied the poverty programs administered by the Office of Economic Opportunity.

We are now, according to the President, spending more than $12 billion on manpower programs.

One would think the Subcommittee on Employment, Manpower, and Poverty, and the public generally would know where this money is being spent, but we don't, and nobody else does either.

So we want to find out a great deal about existing programs—what they have accomplished and why, in some instances, they have failed. And what the gaps are between promise and performance. How can we close those gaps?

To illustrate, I would like to quote several observations on our manpower efforts from a paper prepared by Dr. Garth L. Mangum, of the National Manpower Policy Task Force, incidentally, a former staff member of this subcommittee.

This paper was prepared and issued about 2 months ago, and I quote:

> 1. There is no Federal manpower policy in the dictionary sense: "A definite course of action selected from many alternatives, and in light of given conditions, to guide and determine present and future decisions."
>
> 2. The vast array of Federal manpower programs does not emerge as part of any systematic effort to identify and provide each of the services needed by various disadvantaged groups or by all the disadvantaged. Instead individual acts were written, considered, and amended in rapid succession to meet current crises, real or imagined, with little attention to their interrelations.

I suspect that is a statement with which my good friend from Vermont would concur.

> 3. The administrative capability to deliver manpower services has yet to be developed. At the local level there is no single agency or combination of easily accessible institutions where those seeking help can find it. Neither has any community the resources to provide some type of service to all who need it. A multiplicity of Federal funding sources encourages interagency competition at the Federal level and a proliferation at the local level placing a premium on "grantsmanship."
>
> 4. Surprisingly little has been done, considering the number of programs and the level of expenditures, to develop or train capable staffs at any level of government.

The shortage of skilled manpower, I stress again, is critical. We have to do something about it.

> 5. Administration officials and Members of Congress have been too impatient to await the results of new and existing programs and to allow for restructuring, removal of negative elements, and finally their expansion into effective programs. As a result, there has been an excessive resort to gimmicks and to attempts to devise "instant policies for instant success." The procedure has become a familiar one. New approaches are designed intuitively rather than empirically. They are launched with public relations fanfare, complete with numerical goals and early target dates. Manipulation of numbers to "prove" success then becomes a major staff function until a quiet burial of the goals and targets can be devised.
>
> 6. For no programs are there adequate valid data for evaluation of strengths and weaknesses and no program currently has a reporting system capable of producing such data.

I point out this is not the chairman of this subcommittee speaking, it is Dr. Garth Mangum, one of the most qualified men in the manpower field in the country today.

While these statements are taken out of context, they illustrate some of the problems to which I hope we will find constructive solutions in these hearings, and if there is no objection to my friend from Vermont, I would like to have placed in the record at this point the entire text of Dr. Mangum's paper, evaluating Federal manpower programs.

Without objection, this will be done.

(The text of bills S. 3063, S. 3249, with amendment, S. 2938, and the document referred to above follow:)

90TH CONGRESS
2D SESSION

S. 3063

IN THE SENATE OF THE UNITED STATES

FEBRUARY 29, 1968

Mr. CLARK (for himself, Mr. HARRIS, Mr. HART, Mr. KENNEDY of New York, Mr. MONDALE, Mr. MORSE, Mr. NELSON, Mr. PELL, Mr. RANDOLPH, Mr. TYDINGS, Mr. WILLIAMS of New Jersey, and Mr. YARBOROUGH) introduced the following bill; which was read twice and referred to the Committee on Labor and Public Welfare

---

A BILL

To provide employment and training opportunities for low-income and unemployed persons.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Emergency Employment and Training Act of 1968".

FINDINGS AND DECLARATION OF PURPOSE

SEC. 2. (a) The Congress finds that—

(1) certain urban and rural communities and other areas in the Nation are presently burdened by severe unemployment and underemployment. Many such areas

contain large concentrations or proportions of persons who are unable to obtain jobs in regular competitive employment because of lack of education, occupational skills, work experience, or transportation and because of artificial barriers to employment and occupational advancement. Many of the affected areas are doubly handicapped by the lack of sufficient jobs for all the potential labor force. These conditions are destructive of human dignity and result in a loss of national productivity. In many localities such conditions have reached crisis proportions and often contribute to social unrest and civil disorder;

(2) the migration of unskilled residents from rural areas which lack employment and other economic opportunities to urban areas aggravates such conditions, thereby impeding the effectiveness of manpower training, job development, and related efforts in urban centers while at the same time undermining the economic potential of such rural areas;

(3) at the same time there is a huge backlog of need for additional community services and facilities in both urban and rural areas in such fields as those which (a) contribute to the development of human potential, (b) better the conditions under which people live, learn, and work, and (c) aid in the development and conservation of natural resources; and

(4) to the extent practicable private employers should provide the training and related services necessary to enable such persons to fill jobs in the private sector of the economy.

(b) Therefore, it is the purpose of this Act—

(1) to provide meaningful public and private employment opportunities in community service and development and related activities which will relieve severe unemployment and underemployment in both urban and rural areas and contribute to the national interest by fulfilling unmet needs; and

(2) to provide incentives to private enterprise employers other than nonprofit organizations to invest in the improvement of the Nation's human resources by hiring, training, and employing low-income and unemployed persons who reside in areas burdened with severe unemployment and underemployment.

TITLE I—COMMUNITY EMPLOYMENT AND TRAINING

FINANCIAL ASSISTANCE

SEC. 101. (a) The Secretary of Labor (hereafter referred to as the "Secretary") is authorized to provide financial assistance in urban and rural areas designated in accordance with section 301 of this Act for part or all of the costs of programs which provide meaningful public services and other employment opportunities for unemployed or low-income persons. Such programs shall include, but need not be limited to, the following:

(1) Jobs created or made available to provide community services and development and related activities in such fields as health; public safety; education; recreation; streets, parks, and municipal maintenance; housing and neighborhood improvement; conservation and rural development; beautification; and other fields of human betterment and community improvement. Such jobs shall include (A) those which can be made available immediately to persons who are otherwise unable to obtain employment, (B) those which provide placement resources for persons completing training under titles I and V of the Economic Opportunity Act and other relevant manpower training programs, and (C) those which use the skills of unemployed persons in areas with a chronic labor surplus. Priority shall be given to projects which are labor intensive in character.

(2) Activities designed to assure that persons employed in such jobs are provided opportunity for further education, training, and necessary supportive services so that they may be prepared to obtain regular competitive employment in the future. For this purpose, not to exceed 20 per centum of the funds appropriated under this Act may be used by the Secretary for the purpose of carrying out training programs

under the Manpower Development and Training Act of 1962, part B of title I of the Economic Opportunity Act of 1964, and other relevant Federal training programs if he determines that this is the most effective method of providing for the activities authorized by this paragraph.

(3) Activities designed to facilitate the placement of persons employed in such jobs and other eligible participants in private employment and training under part B of this Act and in regular competitive employment, including the encouragement of private employers to adopt innovative approaches which create or make available additional jobs and new types of careers for low-income and disadvantaged persons.

(b) To the extent practicable, the Secretary shall provide financial assistance through the prime sponsor recognized under part B of title I of the Economic Opportunity Act. However, he may provide financial assistance directly to other public agencies and private nonprofit organizations when he determines that such assistance would enhance program effectiveness or acceptance on the part of persons served and would serve the purpose of this part.

EMPLOYMENT, TRAINING, AND PLACEMENT PLAN

SEC. 102. No financial assistance shall be provided under this part except upon approval by the Secretary of a plan submitted by an eligible sponsor, the provisions of which shall include:

(1) a description of the eligible area or areas to be assisted by such programs, including data indicating the number of potential eligible participants and their income and employment status;

(2) a description of the methods to be used to recruit and select participants, including specific eligibility criteria;

(3) the title and description of jobs to be filled, a listing of the major kinds of work to be performed and skills to be acquired, and the approximate duration for which participants would be assigned to such jobs;

(4) the wages or salaries to be paid participants and a comparison with the prevailing wages in the area for similar work;

(5) the education, training, and supportive services which complement the work performed and which will prepare participants for regular, competitive employment in the future;

(6) the placement activities for eligible participants, including a description of probable future job opportunities;

(7) an indication of the full participation and maximum cooperation among local public officials, residents of

eligible areas, and representatives of private organizations in the development of the program and a description of their respective roles in the conduct and administration of the program.

(8) a description of the ways in which the program will be coordinated with other federally assisted activities, including programs operated under the Manpower Development and Training Act of 1962, the Economic Opportunity Act of 1964, the Public Works and Economic Development Act of 1965, and Demonstration Cities and Metropolitan Development Act of 1966, other Federal housing and community development programs, and other relevant Federal Acts;

(9) a commitment to meet the requirements and special conditions of part C of this Act.

SUPPLIES AND EQUIPMENT

SEC. 103. (a) The Secretary is authorized to provide financial assistance and make loans to public agencies and private nonprofit organizations for the purchase of supplies and equipment which support and supplement projects carried out by participants under this part.

(b) Loans authorized under this section may be made without interest and under such other terms and conditions as the Secretary may prescribe.

TITLE II—PRIVATE ENTERPRISE EMPLOYMENT AND TRAINING

DEFINITION

SEC. 201. For purposes of this part, the term "employer" means any private person, corporation, firm, or business concern which employs more than ten individuals in a trade or business.

FINANCIAL ASSISTANCE

SEC. 202. The Secretary is authorized to provide financial assistance to employers for training and employment costs incurred pursuant to a plan approved by the Secretary under section 203, including—

(1) the cost of unusual training and other unusual services for a limited period when an employee might not be fully productive, including on-the-job counseling, day care, and other supportive services;

(2) all or part of employer costs of sending recruiters into areas of high concentration of unemployed or low-income persons;

(3) payments to permit employers to provide employees resident in such areas with transportation to and from work or to reimburse such employees for such transportation; and

(4) unusual overhead costs incurred as a result of an employee's lack of education, training, or experience, such as costs of spoilage of work or of added managerial effort.

TRAINING PLAN

SEC. 203. No financial assistance shall be provided under this part except upon approval by the Secretary of a plan submitted by an employer which shall be revised from time to time as requested by the Secretary, the provisions of which shall include—

(1) a description of the eligible area or areas from which participants will be recruited;

(2) a description of methods to be used to recruit and select participants including specific eligibility criteria;

(3) the title and description of the job objectives for which participants are to be trained;

(4) the length of the training period;

(5) a schedule listing various operations for major kinds of works or tasks to be learned and showing, for each, job operations or work tasks to be performed, and the approximate length of time to be spent on each operation or task;

(6) the wage or salary to be paid at the beginning of the course of training, at each successive step in the course of training and at the completion of training;

(7) the entrance wage or salary paid to employees already trained in the kind of work for which the participants are to be trained;

(8) the number of hours of supplemental related instruction required;

(9) information respecting the cost of usual training and other usual services provided employees other than those who are eligible participants under this Act in order to make such employees fully productive; and

(10) a commitment to meet the requirements and special conditions of part C of this Act.

SAFEGUARDS

SEC. 204. The Secretary shall prescribe regulations to safeguard against abuses of any incentives provided under this title, including, but not limited to, safeguards against the use of such incentives in order to transfer any enterprise from one area to another and safeguards designed to prevent such incentives from being used as a subsidy for normal operations.

TITLE III—GENERAL PROVISIONS AND LIMITATIONS

ELIGIBLE AREAS

SEC. 301. The Secretary, in accordance with criteria which he prescribes, shall designate urban and rural areas to be eligible for assistance under part A and from which participants may be recruited under part B of this Act. Such areas may be defined without regard to political boundaries and shall contain high concentrations or proportions of low-income families and individuals and shall have severe problems of unemployment and underemployment or, with respect to rural areas, problems of out migration.

EIGIBLE PARTICIPANTS

SEC. 302. Participants in programs under this Act must be unemployed or low-income persons who reside in eligible areas and who meet other criteria prescribed by the Secretary. Low income shall be defined as provided by section 125 of the Economic Opportunity Act of 1964.

SPECIAL CONDITIONS

SEC. 303. (a) The Secretary shall not provide financial assistance for any program under this Act unless he determines, in accordance with such regulations as he may prescribe, that—

(1) no participant will be employed on projects involving political parties, or the construction, operation, or maintenance of so much of any facility as is used or to be used for sectarian instruction or as a place for religious worship;

(2) the program will not result in displacement of employed workers or impair existing contracts for services, or result in the substitution of Federal for other funds in connection with work that would otherwise be performed;

(3) wages paid a participant shall not be lower than, whichever is the highest (A) the minimum wage which would be applicable to the employment under the Fair Labor Standards Act of 1938 if section 6 of such Act applied to the participant and he was not exempt under section 13 thereof, (B) the State or local minimum wage for the most nearly comparable covered employment, or (C) the prevailing rate of wages in the area for similar work; and

(4) the program will, to the maximum extent feasible, contribute to the occupational development or upward mobility of individual participants.

(b) For programs related to physical improvements, preference shall be given to those improvements which will be substantially used by low-income persons and families in eligible areas.

(c) The Secretary shall prescribe regulations to assure that programs under this part have adequate internal administrative controls, accounting requirements, personnel standards, evaluation procedures, and other policies as may be necessary to promote the effective use of funds.

(d) Programs approved under this part shall, to the maximum extent feasible, contribute to the elimination of artificial barriers to employment and occupational advancement, including civil service requirements which restrict employment opportunities for the disadvantaged.

EVALUATION

SEC. 304. The Secretary shall provide for the continuing evaluation of programs under this Act. He shall require sponsors of programs under part A and employers assisted by part B to provide such data as may be necessary to evaluate program effectiveness, and he shall arrange for obtaining the opinions of participants about the strengths and weaknesses of the programs. He may contract for independent evaluations of programs and of selected, individual projects. The results of such evaluation shall be included in the report required by section 305.

REPORTS

SEC. 305. Not later than the 1st day of March of each year, the Secretary shall prepare and submit to the President for transmittal to the Congress a full and complete report on the progress made in implementing and on all activities conducted under this Act.

DURATION OF PROGRAMS

SEC. 306. The Secretary shall carry out the programs provided for in this Act during the fiscal year ending June 30, 1969, and the three succeeding fiscal years.

DISTRIBUTION OF ASSISTANCE

SEC. 307. The Secretary shall establish criteria to achieve an equitable distribution among the States of payments made from funds appropriated under this Act, but not more than 12.5 per centum of such funds for any fiscal year shall be used within any one State.

AUTHORIZATION OF APPROPRIATIONS

SEC. 308. (a) For the purpose of carrying out the provisions of title I of this Act there are hereby authorized to be appropriated for the fiscal year ending June 30, 1969, and for each succeeding fiscal year such sums as may be necessary to assure the employment of not less than—

(1) three hundred thousand participants on or before June 30, 1969;

(2) six hundred thousand participants on or before June 30, 1970;

(3) one million two hundred thousand participants on or before June 30, 1971; and

(4) one million two hundred thousand participants during the fiscal year ending June 30, 1972.

(b) For the purpose of carrying out the provisions of title II of this Act there are hereby authorized to be appropriated for the fiscal year ending June 30, 1969, and for each succeeding fiscal year such sums as may be necessary to assure the employment of not less than—

(1) one hundred and fifty thousand participants on or before June 30, 1969;

(2) three hundred thousand participants on or before June 30, 1970;

(3) six hundred thousand participants on or before June 30, 1971; and

(4) one million two hundred thousand participants on or before June 30, 1972.

(c) Appropriations authorized by this section shall remain available until expended.

90TH CONGRESS
2D SESSION

S. 3249

IN THE SENATE OF THE UNITED STATES

MARCH 28 (legislative day, MARCH 27), 1968

Mr. JAVITS (for himself, Mr. ALLOTT, Mr. BROOKE, Mr. CASE, Mr. COOPER, Mr. HANSEN, Mr. HATFIELD, Mr. KUCHEL, Mr. MORTON, Mr. PEARSON, Mr. PERCY, Mr. PROUTY, and Mr. SCOTT) introduced the following bill; which was read twice and referred to the Committee on Labor and Public Welfare

---

A BILL

To provide a comprehensive national manpower policy, to improve the Manpower Development and Training Act of 1962, to authorize a community service employment program, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "National Manpower Act of 1968".

TITLE I—AMENDMENTS TO THE MANPOWER DEVELOPMENT AND TRAINING ACT OF 1962

FINDINGS AND DECLARATION OF NATIONAL MANPOWER POLICY

SEC. 101. Section 101 of the Manpower Development and Training Act of 1962 is amended to read as follows:

"FINDINGS AND DECLARATION OF NATIONAL MANPOWER POLICY

"SEC. 101. (a) The Congress hereby finds that the full promise of American life and prosperity is denied to many persons in many communities due to severe problems of unemployment and underemployment. Numerous individuals, many of whom live in trapped-in economically depressed rural and urban areas, are unable to obtain jobs in regular competitive employment because of (1) lack of education, occupational skill, or work experience, (2) the existence of artificial barriers to employment and occupational advancement, and (3) a continuing process of automation and technological change which renders obsolete many traditional skills. An even larger number are underemployed, earning a marginal existence in low-skilled occupations characterized by substandard wages, great uncertainty of tenure, little chance for advancement, and low social status. While these problems of unemployment and underemployment affect all racial groups, they afflict nonwhite Americans in disproportionately great numbers and in a manner which this Nation cannot permit to continue. This situation has been seriously aggravated by a process of urbanization in which unskilled rural residents have migrated to central city areas even while many businesses and places of employment are leaving those areas. This migration of people and jobs is overwhelming current job training and job development programs in the urban centers and is undermining the economic potential of many rural areas of the Nation.

"(b) The Congress further finds that there is a critical need for more and better trained personnel in many vital occupational categories, including professional, scientific, technical, and public service occupations. At the same time there is a huge need for additional public services and public facilities in such fields as those which (1) contribute to the development of human potential, (2) better the conditions under which people live, learn, and work, and (3) aid in the development and conservation of natural resources.

"(c) The Congress hereby declares that the welfare and security of the Nation require a commitment by it to a policy and program devoted to the elimination of poverty and blight in the United States. An essential element in that program must be a comprehensive national manpower policy designed to assure to all citizens an opportunity for useful work and training which will promote self-sufficiency and enhance personal dignity. The policy to be followed in attaining the national manpower objective hereby established shall be founded upon the following principles:

"(1) that private enterprise has the basic responsibility and maximum ability to provide job training and employment;

"(2) that Government assistance should, in the first instance, be used to encourage private enterprise to serve more of the total need and to otherwise complement private effort through education, training, job development, upgrading skills, and other supportive assistance; and

"(3) that the residual responsibilities of Government shall include the development of meaningful employment opportunities in public service activities in order to fulfill critical needs and further to relieve unemployment.

The Congress further recognizes that there are numerous individuals who, by reasons of age, health, or other involuntary disability, cannot be helped through an employment or training program and for whom some form of income maintenance is necessary."

JOB VACANCY AND LABOR SUPPLY INFORMATION

SEC. 102. Section 106 of the Manpower Development and Training Act of 1962 is amended to read as follows:

"JOB VACANCY AND LABOR SUPPLY INFORMATION

"SEC. 106. (a) The Secretary of Labor is directed, using every appropriate facility, to develop, compile, and make available information regarding skill requirements, occupational outlook, job opportunities, labor supply in various skills, and employment trends on a National, State, area, or other appropriate basis which shall be used in the educational, training, counseling, and placement activities performed under this Act. In the administration of this Act, the Secretary shall give the highest priority to performing the duties prescribed by this section with particular emphasis on identifying and publishing those occupations, skills, industries, and geographic areas in which the supply of qualified workers is insufficient to meet existing and foreseeable future needs.

"(b) The Secretary is further directed to develop and establish a program for matching the qualifications of unemployed, underemployed, and low-income persons with employer requirements and job vacancies on a local, interarea, and nationwide basis. Such programs shall be designed to provide a quick and direct means of communication among local recruitment, job training and placement agencies and organizations, and between such agencies and organizations on an interarea and nationwide basis, with a view to the referral and placement of such persons in jobs. In the development of such a program, the Secretary shall establish a network utilizing electronic data processing and telecommunication systems for the storage, retrieval, and communication of job and worker information."

AUTHORIZING A COMMUNITY SERVICE EMPLOYMENT PROGRAM, AN ECONOMIC OPPORTUNITY CORPORATION, AND AN EVALUATION BY THE COMPTROLLER GENERAL

SEC. 103. The Manpower Development and Training Act of 1962 is further amended by adding at the end thereof the following new titles:

"TITLE IV—COMMUNITY SERVICE EMPLOYMENT PROGRAMS

"PURPOSE

"SEC. 401. The purpose of this title is to provide meaningful public and private employment opportunities in community service occupations for unemployed and low-income residents of urban and rural poverty areas in order to meet severe problems of unemployment and underemployment, to prepare such persons for jobs in the private sector of the economy, to increase opportunities for local entrepreneurship through the creation of local service companies, and to meet critical national needs for community services.

"DEFINITIONS

"SEC. 402. As used in this title—

"(1) 'Community service employment program' means a program designed primarily to provide public or private work and training opportunities to unemployed and low-income persons in the fields of health, public safety, education, recreation, streets, parks and municipal maintenance, housing and neighborhood improvement, conservation and rural development, beautification, and other fields of human betterment and community improvement.

"(2) 'Low-income' has the same meaning as provided by section 125 of the Economic Opportunity Act of 1964.

"(3) 'Local service company' means a corporation, partnership or other business entity organized to operate a community service employment program or component thereof and owned in substantial part by unemployed or low-income residents of one or more eligible areas.

"(4) 'Secretary' means the Secretary of Labor.

"(5) 'State' means each of the several States and the District of Columbia.

"(6) 'State agency' means the State agency designated by the Governor of the State or an officer chosen by him or by State law to develop and carry out the State plan for the purposes of this title.

"AUTHORIZATION OF APPROPRIATIONS AND DISTRIBUTION OF FUNDS

"SEC. 403. (a) For the purpose of carrying out the provisions of this title there is hereby authorized to be appropriated the sum of $400,000,000 for the fiscal year ending June 30, 1969, and the sum of $500,000,000 for the fiscal year ending June 30, 1970.

"(b) From the sums appropriated for any fiscal year to carry out programs authorized under this title, the Secretary shall allot not less than 40 per centum among the States in accordance with criteria developed pursuant to section 130 of the Economic Opportunity Act of 1964, except that no State shall receive less than $1,000,000. Effective after June 30, 1969, that part of each State's allotment received pursuant to this subsection shall be available only for financial assistance to the State agency for use pursuant to a State plan approved under section 410, unless such State agency has not submitted a State plan prior to a date to be fixed by the Secretary, or the State plan is not approved by the Secretary.

"(c) The remainder of sums appropriated for any fiscal year to carry out programs authorized by this title shall be expended in accordance with such criteria as the Secretary may prescribe.

"(d) Funds allotted under this title for any fiscal year to a State for use by a State agency to carry out a State plan, which the Secretary determines are not required for the purposes for which such funds were allotted, shall be available to prime sponsors within such State for such community service employment programs as the Secretary determines will contribute to carrying out the purposes of this title.

"ELIGIBLE AREAS AND PRIME SPONSORS

"SEC. 404. (a) The Secretary shall define and designate all urban and rural areas containing high concentrations or proportions of unemployed or low-income persons as areas eligible for assistance under this title. He shall make such designations on a comprehensive basis and, wherever applicable, without regard to his intention or capacity to allocate funds to all such areas. A community program area designated under section 121 of the Economic Opportunity Act of 1964 shall be deemed to be an eligible area for the purposes of this title. An eligible area may be a city, county, multicity, or multicounty unit, an Indian reservation, or a neighborhood or other area (irrespective of boundaries or political subdivisions) which provides a suitable organizational base and possesses the commonality of interest needed for a community service manpower program. The Secretary shall consult with the heads of other Federal agencies responsible for programs relating to community action, manpower services, physical and economic development, small business development, housing, education, health, and other community services to encourage the establishment of coterminous or complementary boundaries for planning purposes among those programs and community service employment programs assisted under this title.

"(b) For each eligible area, the Secretary shall recognize a public or private nonprofit organization which shall serve as the prime sponsor to receive funds under section 405 (except as otherwise provided in section 405(c)). A prime sponsor recognized under the provisions of section 122 of the Economic Opportunity Act of 1964 shall be deemed to be the prime sponsor for its eligible area for the purposes of this title.

"FINANCIAL ASSISTANCE

"SEC. 405. (a) The Secretary is authorized to provide financial assistance to prime sponsors having a community employment plan approved by him pursuant to section 409 and an application approved by him pursuant to section 406, and to State agencies having a State plan approved by him pursuant to section 410 for the planning, conduct, administration and evaluation of community service employment programs.

"(b) Financial assistance under this section shall include, but not be limited to, programs and activities designed—

"(1) to provide jobs immediately to unemployed or low-income persons who are otherwise unable to obtain satisfactory employment;

"(2) to provide placement services and resources for such persons completing manpower training and antipoverty programs assisted by Federal funds, particularly programs under title II of this Act and under the Economic Opportunity Act of 1964;

"(3) to assure that persons employed in a community service employment program are provided opportunity for further education, training and necessary supportive services, including pretraining services, rehabilitative and preventive services for narcotic and alcoholic addicts, basic maintenance, transportation, health, family, day care, counseling, placement and other services, as may be necessary for them to participate in such program and to be prepared to gain regular competitive employment in the future;

"(4) to promote the establishment of local service companies and the use of service development organizations to encourage the establishment of such companies.

For purposes of providing education, training, and supportive services set forth in paragraph (3) of this subsection, funds appropriated under this title may be used to carry out such service programs under other titles of this Act and under other provisions of Federal law, by reimbursement to other Federal departments and agencies where appropriate, if the Secretary determines that such use of funds is the most effective method of providing such services. Financial assistance under this section may include loans for the purchase of supplies and equipment necessary to carry out community service employment programs.

"(c) The Secretary or the State agency may provide financial assistance to a public agency or private organization other than a prime sponsor to carry out one or more community service employment programs or components thereof whenever the Secretary or such agency determines, after soliciting and considering comments of the prime sponsor, if any, that such assistance would enhance program effectiveness or acceptance on the part of persons served and would serve the purposes of this part.

"APPLICATIONS

"SEC. 406. The Secretary may provide financial assistance under this title only upon application by a State agency, pursuant to an approved State plan, a prime sponsor, pursuant to an approved community employment plan, or another eligible applicant which contains assurances satisfactory to the Secretary that the applicant will—

"(1) establish adequate administrative controls over programs to be assisted under this title;

"(2) establish effective and efficient personnel policies designed to serve the purposes of this title;

"(3) establish procedures for proper accounting of

Federal funds, necessary reporting, and evaluation of such programs;

"(4) carry out such other requirements and conditions as are set forth in this title.

"LOCAL SERVICE COMPANIES

"SEC. 407. (a) Whenever practicable, the Secretary and the State agencies shall encourage and give preference to applications under which community service employment programs are to be carried out on a contractual basis by local service companies. Such contracts may provide for financial incentives to be paid to such local service companies for satisfactory and superior performance of such programs.

"(b) In order to promote the establishment and development of local service companies on a self-sustaining basis, the Secretary is authorized, under the authority contained in section 405, to provide financial assistance to public agencies or private organizations to act as service development organizations. Such financial assistance may be provided for the costs of programs operated by service development organizations to assist in the establishment and maintenance of local service companies, including but not limited to the following:

"(1) planning and research, including feasibility studies and market research;

"(2) legal and technical assistance, business counseling, management and training assistance, assistance in obtaining contracts or subcontracts from public or private sources, and other related services, including the provision of business services on a centralized basis; and

"(3) financial assistance, including the provision of startup capital and assistance in securing performance or other bonds needed by the company or its employees.

A service development organization may, pursuant to regulations issued by the Secretary, be permitted to take a minority equity interest in a local service company and to deal with such a company on a franchise or other profit-making basis.

"(c) In developing local service companies and service development organizations, the Secretary and the State agencies may make use of services available from other Federal agencies and from private organizations, including appropriate private technical assistance organizations, in a contractual or other suitable basis.

"PUBLIC SAFETY PROGRAMS

"SEC. 408. (a) The Secretary shall encourage the development of, and is authorized to, provide financial assistance under section 405 for community service employment programs in the field of public safety. Such programs may include the development of employment and training opportunities for community service officers and other support personnel in or under the supervision of police departments. Such officers and personnel may be full- or part-time employees who need not meet ordinary police standards for employment and who are or will be engaged in such activities as (i) recruitment of police personnel from eligible areas, (ii) improvement of police-community relations and grievance resolution mechanisms in such areas, (iii) community escort and patrol activities, (iv) encouragement of neighborhood participation in crime prevention and public safety efforts, and (v) other similar activities designed to improve police capabilities and public safety in eligible areas.

"(b) The Secretary and the Attorney General shall jointly prescribe regulations governing community service employment programs in the field of public safety and crime prevention.

"CONSOLIDATION OF COMMUNITY SERVICE EMPLOYMENT PROGRAMS AND COMMUNITY EMPLOYMENT PLANS

"SEC. 409. (a) In order to promote consolidation and coordination of community service employment programs, the Secretary shall make arrangements, to the extent practicable, to assure that the prime sponsor in any eligible area receives all Federal funds available for community service employment programs in such area, including all such programs assisted under this title, section 432 of the Social

Security Act, and sections 123 and 502 of the Economic Opportunity Act of 1964 (except as otherwise provided in section 123(c) of the Economic Opportunity Act of 1964). Where the area served by any program assisted under this Act is within an area covered by a comprehensive city demonstration plan under title I of the Demonstration Cities and Metropolitan Development Act of 1966, the prime sponsor and the city demonstration agency shall consult and coordinate on all matters affecting work and training aspects of the comprehensive city demonstration program.

"(b) The prime sponsor shall develop and carry out a community employment plan, which shall be part of any comprehensive work and training program for that area required under section 123 of the Economic Opportunity Act of 1964. A community employment plan shall establish priorities among community service needs, and funds received by the prime sponsor pursuant to this title for all community service employment programs shall be subject to and allocated according to such a plan approved by the Secretary.

"(c) Such plan shall be submitted to the Governor of the State or an officer designated by him or by State law for consideration in the development and implementation of the State plan, and no community employment plan shall be approved by the Secretary until the Governor or such officer has had a reasonable opportunity to submit to the Secretary his evaluation of that plan, including comments on the relationship of that plan to the State plan.

"(d) The prime sponsor shall provide for participation of employers, labor organizations, and residents of the eligible areas and members of the groups served in the planning and conduct of the community service employment programs.

"(e) Where a community service employment program is not to be operated by a local service company, the prime sponsor shall be encouraged to make use of public and private organizations as delegate agencies to operate such programs, including without limitation agencies governed with the participation of the poor and other residents of the neighborhoods or rural areas served, educational institutions, the public employment service, the public welfare agency, other health and welfare agencies, private training institutions, and other capable public and private organizations.

"STATE PLANS

"SEC. 410. (a) (1) Any State desiring to receive financial assistance to carry out a State plan under this title shall (A) establish within its State agency a State manpower policy council (hereinafter referred to as the 'State council') which meets the requirements set forth in paragraph (2), (B) sets dates before which prime sponsors and other applicants must have submitted applications for financial assistance to the State agency, and (C) submit to the Secretary a State plan at such time and in such detail as the Secretary may deem necessary.

"(2) The State council shall—

"(A) be appointed by the State agency, and be broadly representative of the job training and employment resources of the State, including persons representative of (i) prime sponsors within the State, (ii) State and local public agencies operating or familiar with job training, vocational education, and employment programs, including the State employment service and the State department of education, (iii) private organizations operating or otherwise interested in such programs, including persons representative of business and labor, (iv) residents of the areas and persons served by programs assisted under this title, and (v) other appropriate groups and organizations;

"(B) develop and implement the State plan, including the development of criteria for approval of applications under the State plan;

"(C) upon timely request by an applicant, review and take final action upon the decision of the State agency to reject in whole or in part such applicant's submission for funding under the State plan;

"(D) evaluate programs and projects assisted under this title; and

"(E) prepare and submit through the State agency a report of its activities, recommendations, and evaluations, together with such additional comments as the State agency deems appropriate, to the Secretary at such times and in such form as he may prescribe.

"(3) The Secretary shall not approve a State plan, or modification thereof, unless he determines that such plan—

"(A) sets forth criteria for achieving an equitable distribution among eligible areas within the State of assistance under this title, which criteria shall be based on consideration of (i) the geographic distribution and density of the population in such areas, (ii) the concentrations or proportions of unemployed and low-income persons, (iii) the number and trends in the movement of job opportunities in private enterprise, and (iv) the movement of unemployed and low-income persons to and from such areas;

"(B) assists prime sponsors within the State in their responsibility of coordinating and consolidating community service employment programs within the areas served by such sponsors, and appropriately supports their community service employment plans, including through the provision of planning and technical assistance;

"(C) reflects satisfactory effort and achievement by the State in coordinating and consolidating community service employment programs assisted under this title with such programs assisted under other provisions of Federal law, including such programs under the Social Security Act;

"(D) provides for exchange of information and experience among programs conducted pursuant to the plan and for the adoption of effective procedures for evaluation of such programs and for the communication of the results of such evaluation to the Secretary;

"(E) provides that final action with respect to any application shall not be taken without first affording such applicant reasonable notice and opportunity for a hearing;

"(F) provides that not more than 25 per centum of the funds received by the State agency pursuant to this title shall be used to carry out community service employment programs operated by State agencies, and the remainder of such funds shall be distributed to prime sponsors, except as provided in section 405 (c); and

"(G) otherwise conforms to the requirements of this title, including the preference to be granted pursuant to section 407 and to special conditions prescribed by section 411.

"(b) The Secretary may, if he finds after reasonable notice and opportunity for hearings that only a part of a State plan meets the requirements set forth in subsection (a) (3), approve that part of the State plan and provide to the State agency only that part of its allotment under this section as he determines is necessary to carry out the part of the plan so approved. The remainder of the amount which such State agency would be eligible to receive under this title shall be made available to prime sponsors and other applicants within the State by the Secretary.

"(c) The Secretary shall not finally disapprove any State plan submitted under this section, or any modification thereof, without first affording the State agency submitting the plan reasonable notice and opportunity for a hearing.

"SPECIAL CONDITIONS AND LIMITATIONS

"SEC. 411. (a) The Secretary shall not provide financial assistance for any program under this title unless he determines, in accordance with such regulations as he may prescribe, that—

"(1) no participant will be employed on projects involving political parties, or the construction, operation, or maintenance of so much of any facility as is used or to be used for sectarian instruction or as a place for religious worship;

"(2) the program will not result in displacement of employed workers or impair existing contracts for services, or result in the substitution of Federal or other funds in connection with work that would otherwise be performed;

"(3) wages paid a participant shall not be lower than, whichever is the highest (A) the minimum wage which would be applicable to the employment under the Fair Labor Standards Act of 1938 if section 6 of such Act applied to the participant and he was not exempt under section 13 thereof, (B) the State or local minimum wage for the most nearly comparable covered employment, or (C) the prevailing rate of wages in the area for similar work; and

"(4) the program will, to the maximum extent feasible, contribute to the occupational development or upward job mobility of individual participants.

"(b) For programs assisted under this title related to physical improvements, preference shall be given to those improvements which will be substantially used by low-income persons and families in the areas served by the prime sponsor.

"(c) Programs approved under this title shall, to the maximum extent feasible, contribute to the elimination of artificial barriers to employment and occupational advancement, including civil service requirements which restrict employment opportunities for the disadvantaged.

"(d) Federal financial assistance to any program or activity authorized under this title and carried out by a public agency or private nonprofit organization shall not exceed 90 per centum of the cost of such program or activity, including costs of administration: *Provided,* That Federal financial assistance with respect to any participant in a program under this title who is an employee of a State or local public agency shall be progressively reduced from year to year with a view to increasing insofar as possible the financial contribution of such public agency. Non-Federal contributions may be in cash or in kind, fairly evaluated, including but not limited to plant, equipment, and services.

"INDUSTRIAL EMPLOYMENT POOL

"SEC. 412. The Secretary shall establish procedures, pursuant to regulations issued by him, to give preference to qualified participants in community service employment programs assisted under this title for entry into programs operated by him offering on-the-job training and employment opportunities in the private sector.

"ADMINISTRATION

"SEC. 413. (a) The Secretary shall provide for the administration of all community service employment programs under his jurisdiction within a single office or agency within the Department of Labor.

"(b) In administering the provisions of this Act the Secretary is authorized to utilize the services and facilities of any agency of the Federal Government and of any other public or private nonprofit agency or institution, in accordance with agreements between the Secretary and the head thereof.

"(c) The Secretary may make payments to any prime sponsor which has an application approved by him pursuant to section 406 and to any State agency which has a State plan approved by him under section 407 and to any other applicant eligible for financial assistance under this Act in installments and in advance or by way of reimbursement, with necessary adjustments on account of overpayments or underpayments.

"WITHHOLDING

"SEC. 414. Whenever the Secretary, after reasonable notice and opportunity for hearings finds that there has been a failure by a prime sponsor to comply substantially with any requirement set forth in the approved application or community employment plan of that sponsor entered into under this title, or by a State to comply substantially with any requirement set forth in the plan of that State approved under this title, or a failure by any applicant receiving assistance from a prime sponsor or State agency for the purpose of carrying out a program under this title to comply substantially with the requirements in its approved application, the Secretary shall notify the prime sponsor, State agency, or other applicant that further payments will not be made to the prime sponsor, State agency or other applicant under this title (or, in his discretion, that the prime sponsor, or State agency shall not make further payments under this title to agencies and organizations receiving assistance from it and affected by the failure) until he is satisfied that there is no longer any such failure to comply. Until he is so satisfied, no further payments shall be made to the prime sponsor, State agency, or other applicant under this title, or payments by the prime sponsor or State agency under this title shall be limited to agencies and organizations not affected by the failure, as the case may be.

"EVALUATION AND REPORTS

"SEC. 415. (a) The Secretary shall provide for the continuing evaluation of programs under this title. He shall require recipients of financial assistance under this title to provide such data as may be necessary to evaluate the effectiveness of such programs, and he shall arrange for obtaining the opinions of participants about the strengths and weaknesses of such programs. He may contract for independent evaluations of programs and of selected individual projects assisted under this title. The results of such evaluation shall be included in the report required by this section.

"(b) Not later than the first day of March of each year, the Secretary shall prepare and submit to the President for transmittal to the Congress a full and complete report on the programs and activities assisted under this title.

"TITLE V—ECONOMIC OPPORTUNITY CORPORATION

"SEC. 501. This title may be cited as the 'Economic Opportunity Corporation Act of 1968'.

"FINDINGS AND PURPOSE

"SEC. 502. (a) The Congress hereby finds that—

"(1) conditions of rural and urban poverty and widespread urban blight threaten the general welfare and domestic security of the country and require an expanded dedication of effort and commitment of resources aimed at their elimination;

"(2) the major resources and strength of this country reside in the private sector of the Nation's economy and any successful effort to eliminate poverty and urban blight must involve a massive application of private resources;

"(3) a substantial number of individuals and organizations in the private sector, including business firms, labor unions, foundations, educational institutions, and professional and civic organizations, are willing to contribute to the solution of these problems, but their participation is often inhibited by the lack of any central source of information at the national and local levels about successful private initiatives, the unavailability of effective technical assistance, and a lack of seed money from private sources; and

"(4) the full and effective involvement of the private sector in the solution of these problems can be facilitated by the Federal Government, but the organization and control of this effort is best left with the private sector.

"(b) It is the purpose of this title to establish a private, nonprofit corporation to stimulate greater participation by the private sector—agencies, organizations, and individuals—in public and private manpower training and antipoverty programs by—

"(1) providing a central source for information and research on opportunities for private sector participation in such programs;

"(2) furnishing technical and financial assistance to private organizations and individuals in planning and carrying out such programs;

"(3) participating, on a contractual or other basis, in the development and implementation of governmental antipoverty programs with a view to encouraging an important and effective role therein by the private sector;

"(4) encouraging and coordinating efforts with private business firms to make available, on as expedited a basis as possible, training programs and employment opportunities designed to provide employment for unemployed and low-income persons and to assist such persons to develop their educational and employment potentialities to the maximum practicable extent;

"(5) encouraging the development of business ventures designed to provide needed products and services and to increase local business ownership in urban slum areas; and

"(6) developing, in conjunction with public and private organizations, methods of applying modern business management techniques to the solution of social problems, and otherwise encouraging increased participation by private enterprise in such programs and in providing needed public services.

"CREATION OF CORPORATION

"SEC. 503. (a) There is hereby established a nonprofit Economic Opportunity Corporation (hereinafter referred to as the 'Corporation') which will not be an agency or establishment of the United States Government. The Corporation shall be subject to the provisions of this title and, to the extent consistent with this title, to the District of Columbia Nonprofit Corporation Act. The right to repeal, alter, or amend this title is expressly reserved.

"(b) No part of the net earnings of the Corporation shall inure to the benefit of any private person, and it shall qualify as an organization described in section 501 (c) (3) of the Internal Revenue Code of 1954 which is exempt from taxation under section 501 (a) of such Code.

"PROCESS OF ORGANIZATION

"SEC. 504. There is hereby established a Commission for the appointment of incorporators. The Commission shall be composed of the Vice President of the United States, who shall act as Chairman, the Speaker of the House of Representatives, the Director of the Office of Economic Opportunity, the Secretary of Labor, the Secretary of Commerce, and the majority leader and minority leader of the Senate and of the House of Representatives. The Commission shall meet within thirty days after the enactment of this title and shall appoint incorporators, by and with the advice and consent of the Senate, who shall serve as the initial Board of Directors until the first annual meeting of members or until their successors are selected and qualified. The incorporators shall take whatever actions are necessary to organize the Corporation, including the filing of articles of incorporation under the District of Columbia Nonprofit Corporation Act.

"DIRECTORS AND OFFICERS

"SEC. 505. (a) The Corporation shall have a Board of Directors consisting of fifteen individuals who are citizens of the United States, one of whom shall be elected annually by the Board to serve as Chairman. Five members of the Board shall be appointed by the President of the United States, by and with the advice and consent of the Senate, for terms of three years except that (1) the terms of the directors first taking office shall be effective on the date on which other members of the Board are elected and shall expire as designated by the President at the time of appointment, one at the end of one year, two at the end of two years, and two at the end of three years after such date; and (2) any director so appointed to fill a vacancy occurring before the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term. Ten members of the Board shall be elected annually by the members of the Corporation.

"(b) The Corporation shall have a President, and such other officers as may be named and appointed by the Board of Directors, at rates of compensation fixed by the Board, and serving at the pleasure of the Board. No individual other

2

than a citizen of the United States may be an officer of the Corporation. No officer of the Corporation shall receive any salary from any source other than the Corporation during the period of his employment by the Corporation.

"MEMBERSHIP IN THE CORPORATION

"SEC. 506. (a) Any person or organization may become a member of the Corporation by—

"(1) purchasing from the Corporation one or more of the debentures of the Corporation referred to in section 507 (a); or

"(2) donating to the Corporation money or property (taken at fair market value) in an amount or amounts to be determined by the Board, but in no event less than $100.

"(b) Each member shall be entitled to one vote regardless of the amount of debentures held by him or the amount donated by him to the Corporation.

"(c) Any donations to the Corporation shall qualify as charitable contributions within the meaning of section 170 of the Internal Revenue Code of 1954.

"FINANCING OF THE CORPORATION

"SEC. 507. (a) The Corporation may issue such bonds, debentures, or other certificates of indebtedness at such times and on such terms and conditions as the Board may determine to be required for the fulfillment of the purpose of the Corporation.

"(b) The Secretary of the Treasury is authorized to make grants to the Corporation to assist it in meeting its organizational expenses and in carrying on its activities. There is authorized to be appropriated not to exceed $20,000,000 for the purpose of providing financial assistance under this subsection, except that $10,000,000 shall be made available to the Corporation at the time of its incorporation and additional amounts, not to exceed in aggregate $10,000,000 shall be made available from time to time to match donations or purchases of debentures made pursuant to section 506(a). Appropriations authorized under this subsection shall remain available until expended.

"ACTIVITIES AND POWERS OF THE CORPORATION

"SEC. 508. (a) In order to carry out the purposes of this title, the Corporation is authorized to—

"(1) establish an information and research center on how private individuals and organizations can participate in antislum and antipoverty projects, including information on existing government programs and incentives and on promising privately sponsored projects, and including research on new governmental and private incentives or forms of organization which would be helpful;

"(2) organize educational programs, including the use of conferences and mailings, to disseminate information in order to encourage private individuals, agencies, organizations, and business enterprises to participate in antislum and antipoverty activities;

"(3) provide technical assistance to public and private agencies and organizations in the planning and operation of programs and projects including advising representatives of the United States Government concerning effective means of encouraging the participation of the private sector in such programs and projects;

"(4) participate and coordinate on a contractual or other basis in Government programs in support of the purposes of this title, including programs providing reimbursements, tax credits, or other incentives to private employers to encourage the training and employment of unemployed and low-income persons;

"(5) stimulate the establishment of, invest in, and operate new and existing business enterprises which, by reason of their location, employment effect, or products or services produced, would ameliorate conditions of poverty and urban blight, including new business enterprises operated for profit by the Corporation as well as enterprises which would be owned by existing firms or by other organizations or individuals;

"(6) establish one or more subsidiary corporations, including one or more corporations which qualify as small business investment companies under title III of the Small Business Investment Act of 1958 (15 U.S.C. 681 et seq.), to invest in or operate such new business enterprises;

"(7) provide technical and financial assistance to private lending institutions and other private organizations in order to stimulate the provision of capital to new and existing enterprises located in urban areas of high concentration of low-income persons or owned by low-income persons;

"(8) develop in conjunction with public and private agencies and organizations methods for the application of modern business management techniques to the solution of social problems, and otherwise encourage the participation of private agencies and organizations in providing needed public services;

"(9) establish and support new and existing private organizations at the State and local levels designed to carry out the purposes of this title and to mobilize their communities to support antislum and antipoverty programs; and

"(10) carry on such other activities as would further the purposes of this title.

"(b) In the performance of the functions set forth in subsection (a), the Corporation is authorized to—

"(1) enter into such contracts, leases, cooperative agreements, or other transactions as the Board of Directors deems appropriate to conduct the activities of the Corporation;

"(2) charge such fees as the Board of Directors deems reasonable and appropriate;

"(3) carry out its activities, wherever desirable, on an areawide, State, or local basis through such entities as the Board of Directors deems appropriate;

"(4) accept and use, either with or without reimbursement as the case may be, such services, equipment, and facilities of agencies of the Federal Government, State governments, or other local political subdivisions as are necessary to conduct the activities of the Corporation efficiently, and such Federal agencies are authorized to provide, with or without reimbursement, such services, equipment, and facilities to such Corporation;

"(5) receive grants and other financial assistance from the United States and from State and local governments, foundations, corporations, and other organizations and individuals, to carry out activities consistent with the purposes of this title; and

"(6) exercise all powers conferred upon a nonprofit corporation by the District of Columbia Nonprofit Corporation Act.

"REPORTS TO THE CONGRESS

"SEC. 509. The Corporation shall transmit to the President and Congress, annually and at such other times as it deems desirable, a comprehensive and detailed report of its operations, activities, and accomplishments under this title.

"TITLE VI—EVALUATION AND OVERSIGHT STUDY BY THE COMPTROLLER GENERAL

"EVALUATION AND OVERSIGHT STUDY

"SEC. 601. (a) The Comptroller General of the United States (hereinafter referred to as the 'Comptroller General') is authorized and directed to conduct a continuing evaluation of all job training, work experience, and employment programs conducted or financially assisted by the United States and to otherwise assist the Congress in its legislative oversight functions with respect to such programs.

"(b) The evaluation conducted pursuant to this title shall include—

"(1) an analytical and statistical breakdown of unemployment and underemployment in the Nation, including information on the relative incidence of such problems in specific age, racial, and other relevant groups and in different geographical locations;

"(2) a comparison of the relative costs and benefits of different types of training and employment programs, including such a comparison between—

"(A) institutional and on-the-job training,

"(B) different types of institutional and on-the-job training,

"(C) training for job entry and for job advancement, and

"(D) job development programs in community service activities and in regular competitive employment;

"(3) an evaluation of job upgrading programs and of the relative importance of such programs compared to other training and employment programs designed to obtain meaningful employment for hard-core unemployed persons;

"(4) an evaluation of the degree of coordination between different job training and employment programs at the Federal, State, and local levels, and between such programs and other governmental programs closely associated with them, including programs under the Demonstration Cities and Metropolitan Development Act of 1966;

"(5) an evaluation of the degree of effective support provided by the Federal-State employment service system to job training and employment programs for unemployed and low-income persons; and

"(6) an evaluation of the administration and management by Federal departments and agencies of job-training and employment programs.

"(c) The Comptroller General shall assist the Congress in its legislative oversight function with respect to all job training, work experience and employment programs conducted or financially assisted by the United States by—

"(1) reporting to the Congress at least annually on the efforts and progress made by Federal departments and agencies in complying with and implementing (A) legislation authorizing or extending such programs enacted within the two-year period prior to the issuance of such report, and (B) instructions contained in the reports of relevant committees of the Congress with respect to such legislation; and

"(2) performing such other oversight functions as the Congress may require.

"REPORTS

"SEC. 602. The Comptroller General shall make such interim reports as he deems advisable, and, not later than sixty days after the beginning of each calendar year, he shall submit to the Congress a complete report on his activities under this title, including a detailed statement of his findings and conclusions together with such recommendations, including recommendations for additional legislation as he deems advisable.

"POWERS OF THE COMPTROLLER GENERAL

"SEC. 603. (a) The Comptroller General or, on the authorization of the Comptroller General, any officer of the General Accounting Office, may, for the purpose of carrying out the provisions of this title, hold such hearings, take such testimony, and sit and act at such times and places as he deems advisable. Any officer designated by the Comptroller General may administer oaths or affirmations to witnesses appearing before the Comptroller General or such designated officer.

"(b) Each department, agency, and instrumentality of the executive branch of the Government, including independent agencies, is authorized and directed to furnish to the Comptroller General, upon request made by him, such information as he deems necessary to carry out his functions under this title.

"(c) The Comptroller General is authorized—

"(1) to appoint and fix the compensation of such staff personnel as he deems necessary without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and without regard to the provisions of chapter 51 and subchapter

III of chapter 53 of such title relating to classification and General Schedule pay rates, and

"(2) to procure temporary and intermittent services to the same extent as is authorized by section 3109 of title 5, United States Code, but at rates not to exceed $100 a day for individuals.

"(d) The Comptroller General is authorized to enter into contracts with Federal or State agencies, private firms, institutions, and individuals for the conduct of research or surveys, the preparation of reports, and other activities necessary to the discharge of his duties under this title.

"AUTHORIZATION

"SEC. 604. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this title."

TECHNICAL AMENDMENTS

SEC. 104. (a) Section 302 of the Manpower Development and Training Act of 1962 is amended by inserting a comma and "other than titles IV, V, and VI," immediately after "this Act".

(b) Section 308 of such Act is amended by inserting "other than titles IV, V, and VI," immediately after "this Act,".

90TH CONGRESS
2D SESSION

S. 3249

IN THE SENATE OF THE UNITED STATES

MARCH 28 (legislative day, MARCH 27), 1968

Referred to the Committee on Labor and Public Welfare and ordered to be printed

---

AMENDMENT

Intended to be proposed by Mr. JAVITS (for himself, Mr. ALLOTT, Mr. BROOKE, Mr. CASE, Mr. COOPER, Mr. HANSEN, Mr. HATFIELD, Mr. KUCHEL, Mr. MORTON, Mr. PEARSON, Mr. PERCY, Mr. PROUTY, and Mr. SCOTT) to S. 3249, a bill to provide a comprehensive national manpower policy, to improve the Manpower Development and Training Act of 1962, to authorize a community service employment program, and for other purposes, viz: Insert at the end thereof the following new title:

TITLE II—PRIVATE INDUSTRY EMPLOYMENT INCENTIVES

SHORT TITLE

SEC. 201. This title may be cited as the "Employment Incentive Act of 1968".

Amdt. No. 679

DECLARATION OF PURPOSE

SEC. 202. It is the purpose of this title to provide an incentive to American business to invest in the improvement of the Nation's human resources by hiring, training, and employing presently unemployed and underemployed workers lacking needed job skills.

ALLOWANCE OF TAX CREDIT

SEC. 203. (a) Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits allowable) is amended by renumbering section 40 as section 41, and by inserting after section 39 the following new section:

"SEC. 40. WAGES OF DISADVANTAGED EMPLOYEES.

"(a) General Rule.—There shall be allowed, as a credit against the tax imposed by this chapter, the amount determined under subpart C of this part.

"(b) Regulations.—The Secretary or his delegate shall prescribe such regulations as may be necessary to carry out the purposes of this section and subpart C."

(b) Part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits against tax) is amended by adding at the end thereof the following new subpart:

"Subpart C—Rules for Computing Credit for Wages of Disadvantaged Employees

"Sec. 51. Amount of credit.
"Sec. 52. Definitions; special rules.

"SEC. 51. AMOUNT OF CREDIT.

"(a) DETERMINATION OF AMOUNT.—

"(1) GENERAL RULE.—The amount of the credit allowed by section 40 for the taxable year shall be equal to the sum of—

"(A) 75 percent of the qualified wages paid to, or with respect to, each disadvantaged employee for services performed during the first six months of employment of each such employee,

"(B) 50 percent of the qualified wages paid to, or with respect to, each disadvantaged employee for services performed during the second six months of employment of each such employee, and

"(C) 25 percent of the qualified wages paid to, or with respect to, each disadvantaged employee for services performed during the second year of employment of each such employee.

"(2) LIMITATION BASED ON AMOUNT OF TAX.—Notwithstanding paragraph (1), the credit allowed by section 40 for the taxable year shall not exceed—

"(A) so much of the liability for the taxable year as does not exceed $25,000, plus

"(B) 50 percent of so much of the liability for tax for the taxable year as exceeds $25,000.

"(3) LIABILITY FOR TAX.—For purposes of paragraph (2), the liability for tax for the taxable year shall be the tax imposed by this chapter for such year, reduced by the sum of the credits allowable under—

"(A) section 33 (relating to foreign tax credit),

"(B) section 35 relating to partially tax exempt interest),

"(C) section 37 (relating to retirement income, and

"(D) section 38 (relating to investment in certain depreciable property).

For purposes of this paragraph, any tax imposed for the taxable year by section 531 (relating to accumulated earnings tax) or by section 541 (relating to personal holding company tax) shall not be considered tax imposed by this chapter for such year.

"(4) MARRIED INDIVIDUALS.—In the case of a husband or wife who files a separate return, the amount specified under subparagraphs (A) and (B) of paragraph (2) shall be $12,500 in lieu of $25,000. This paragraph shall not apply if the spouse of the taxpayer has no paid qualified wages for, and has no unused credit carryback or carryover to, the taxable year of such spouse which ends within or with the taxpayer's taxable year.

"(5) AFFILIATED GROUPS.—In the case of an affiliated group, the $25,000 amount specified under subparagraphs (A) and (B) of paragraph (2) shall be reduced for each member of the group by apportioning $25,000 among the members of such group in such manner as the Secretary or his delegate shall by regulations prescribe. For purposes of the preceding sentence, the term 'affiliated group' has the meaning assigned to such term by section 1504 (a), except that all corporations shall be treated as includible corporations (without any exclusion under section 1504 (b)).

"(b) CARRYBACK AND CARRYOVER OF UNUSED CREDIT.—

"(1) ALLOWANCE OF CREDIT.—If the amount of the credit determined under subsection (a) (1) for any taxable year exceeds the limitation provided by subsection (a) (2) for such taxable year (hereinafter in this subsection referred to as 'unused credit year'), such excess shall be—

"(A) a disadvantaged employee wage credit carryback to each of the 3 taxable years preceding the unused credit year, and

"(B) a disadvantaged employee wage credit carryover to each of the 7 taxable years following the unused credit year,

and shall be added to the amount allowable as a credit by section 40 for such years, except that such excess may be a carryback only to a taxable year ending after the date of the enactment of the Human Investment Act of 1968. The entire amount of the unused credit for an unused credit year shall be carried to the earliest of the 10 taxable years to which (by reason of subparagraphs (A) and (B)) such credit may be carried, and then to each of the other 9 taxable years to the extent that, because of the limitation contained in paragraph (2), such unused credit may not be added for a prior taxable year to which such unused credit may be carried.

"(2) LIMITATION.—The amount of the unused credit which may be added under paragraph (1) for any preceding or succeeding taxable year shall not exceed the amount by which the limitation provided by subsection (a) (2) for such taxable year exceeds the sum of—

"(A) the credit allowable under subsection (a) (1) for such taxable year, and

"(B) the amounts which, by reason of this subsection, are added to the amount allowable for such taxable year and attributable to the taxable years preceding the unused credit year.

"SEC. 52. DEFINITIONS; SPECIAL RULES.

"(a) DISADVANTAGED EMPLOYEE.—

"(1) IN GENERAL.—For purposes of this subpart, the term 'disadvantaged employee' means an individual certified by the Secretary of Labor (or by an agency or organization designated by him), prior to his employment by the taxpayer, as an unemployed or underemployed individual who meets the requirements and conditions prescribed by the Secretary of Labor under paragraph (2), except that such term does not include any individual receiving training from the taxpayer under a federally assisted on-the-job training program, including any such program under the Manpower Development and Training Act of 1962 or the Economic Opportunity Act of 1964.

"(2) REQUIREMENTS AND CONDITIONS.—The Secretary of Labor shall prescribe the requirements and conditions which must be met by an unemployed or underemployed individual to be eligible for certification for purposes of paragraph (1).

"(3) RULES AND REGULATIONS.—The Secretary of Labor is authorized to prescribe such rules and regulations as may be necessary to carry out his functions and duties under paragraphs (1) and (2). In performing his functions and duties under this subsection, the Secretary of Labor shall consult with the Board of Directors of the Economic Opportunity Corporation.

"(b) QUALIFIED WAGES.—For purposes of this subpart, the term 'qualified wages' means the compensation paid to an employee for personal services rendered by him, and the cost of benefits accruing to an employee and paid or incurred by an employer by reason of the employment relationship, but only if the rate of compensation paid to such employee for personal services rendered by him equals or exceeds whichever of the following is the highest:

"(1) the minimum wage which would be applicable under the Fair Labor Standards Act of 1938 if section 6 of such Act applied to the employee and he was not exempt under section 13 thereof,

"(2) the minimum wage, if any, prescribed by State or local law for the most nearly comparable covered employment, or

"(3) the prevailing rate of wages in the area for the same or similar personal services.

Upon request of the Secretary or his delegate, the Secretary of Labor shall determine whether the compensation paid to any employee for personal services meets the requirement of the preceding sentence.

"(c) LIMITATION ON NUMBER OF DISADVANTAGED EMPLOYEES.—For purposes of this subpart, the number of disadvantaged employees of any employer which may be taken into account for any pay period shall not exceed—

"(1) in the case of an employer of 10 or less employees, 50 percent of the total number of employees,

"(2) in the case of an employer of more than 10 but less than 101 employees, 25 percent of the total number of employees, and

"(3) in the case of an employer of 101 or more employees, 15 percent of the total number of employees.

"(d) EARLY TERMINATION OF EMPLOYMENT.—For purposes of this subpart, the qualified wages paid to, or with respect to, a disadvantaged employee—

"(1) during the first six months of his employment shall not be taken into account if he ceases to be an employee of the taxpayer before the end of such six-month period,

"(2) during the second six months of his employment, if he ceases to be an employee of the taxpayer before the end of such six-month period, and

"(3) during the second year of his employment, if he ceases to be an employee before the end of such year.

The preceding sentence shall not apply with respect to a disadvantaged employee who ceases to be an employee of the taxpayer because of death or disability.

"(e) REGULATIONS.—The Secretary of the Treasury or his delegate shall prescribe such regulations as may be necessary to carry out the purposes of this subpart."

TECHNICAL AND CLERICAL AMENDMENTS

SEC. 204. (a) The table of sections for subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 40. Wages of disadvantaged employees.
"Sec. 41. Overpayments of tax."

(b) The table of subparts for part IV of subchapter A of chapter 1 of such Code is amended by adding at the end thereof the following new item:

"Subpart C. Rules for computing credit for wages of disadvantaged employees."

(c) Section 381(c) of such Code (relating to items taken into account in certain corporate acquisitions) is amended by adding at the end thereof the following new paragraph:

"(24) CREDIT UNDER SECTION 40 FOR WAGES OF DISADVANTAGED EMPLOYEES.—The acquiring corporation shall take into account (to the extent proper to carry out the purposes of this section and section 40, and under such regulations as may be prescribed by the Secretary or his delegate) the items required to be taken into account for purposes of section 40 in respect of the distributor or transferor corporation."

EFFECTIVE DATE

SEC. 205. The amendments to the Internal Revenue Code of 1954 made by this title shall apply to taxable years ending after the date of the enactment of this Act.

90TH CONGRESS
2D SESSION

S. 2938

IN THE SENATE OF THE UNITED STATES

FEBRUARY 7, 1968

Mr. CLARK (for himself, Mr. BREWSTER, Mr. BYRD of West Virginia, Mr. CANNON, Mr. COOPER, Mr. FULBRIGHT, Mr. GRUENING, Mr. HARRIS, Mr. HART, Mr. INOUYE, Mr. JAVITS, Mr. KENNEDY of Massachusetts, Mr. KENNEDY of New York, Mr. LAUSCHE, Mr. LONG of Missouri, Mr. MCCARTHY, Mr. MCGEE, Mr. MCGOVERN, Mr. MAGNUSON, Mr. MONDALE, Mr. MONTOYA, Mr. MORSE, Mr. MOSS, Mr. NELSON, Mr. PELL, Mr. PROUTY, Mr. PROXMIRE, Mr. RANDOLPH, Mr. RIBICOFF, Mr. SCOTT, Mr. TYDINGS, Mr. WILLIAMS of New Jersey, Mr. YARBOROUGH, and Mr. YOUNG of Ohio) introduced the following bill; which was read twice and referred to the Committee on Labor and Public Welfare

---

A BILL

To extend certain expiring provisions under the Manpower Development and Training Act of 1962, as amended.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Manpower Development and Training Act of 1962 is amended as follows:

(1) Section 104(a) of the Act (LABOR MOBILITY DEMONSTRATION PROJECTS) is amended by striking

out "1968" in the first sentence of such section, and inserting in lieu thereof "1970";

(2) Section 105 of the Act (TRAINEE PLACEMENT ASSISTANCE DEMONSTRATION PROJECTS) is amended by striking out "1968" in the first sentence of such section, and inserting in lieu thereof "1970";

(3) Section 251 of the Act (PART D—CORRECTIONAL INSTITUTIONS) is amended by striking out "1969" in the first sentence of such section, and inserting in lieu thereof "1970";

(4) Section 304(d) of the Act is amended by striking out "1968" and "1969", and inserting respectively in lieu thereof "1969" and "1970";

(5) Sections 310(a) and 310(b) of the Act are amended by striking out "1969" wherever it appears, and inserting in lieu thereof "1972".

Evaluating Federal Manpower Programs

(Paper delivered by Garth L. Mangum* to Industrial Relations Research Association December 28, 1967)

Summarizing two years of effort in 3500 words indicates either low output or high discipline. The task can best be accomplished in summary form with a few generalizations about the state of manpower policy and a brief evaluation of specific programs. References are given for data and details.

A. NATURE OF FEDERAL MANPOWER POLICY

1. There is no federal manpower policy in the dictionary sense: "a definite course of action selected from among alternatives, and in light of given conditions, to guide and determine present and future decisions." However, there are programs and practices which can be analyzed in aggregate and from which policy emphases can be extracted.

2. Legislation in the 1950's such as the National Defense Education Act and practices of agencies such as the Atomic Energy Commission emphasized manpower as an economic resource, with particular concern for the development of scientific and technical manpower. Spending for such purposes increased during the 1960's and now totals over $5 billion annually. However, the focus of public manpower efforts during the 1960's shifted in another direction.

3. The thrust of the manpower programs of the past five years has been to aid those who face various disadvantages in competing for jobs. This emphasis is attested to more by legislative and administrative efforts and public discussion than by expenditures of less than $2 billion per year.

B. OVERALL CRITIQUE OF FEDERAL MANPOWER POLICY

1. The relevant manpower programs which emphasize in varying degrees services for the competitively disadvantaged are the Manpower Development and Training Act, the Vocational Education Act of 1963, the Vocational Rehabilitation program and the several manpower components of the Economic Opportunity Act. The EOA programs are not evaluated in this paper since they are considered in Sar Levitan's contribution. However, they do figure in these generalizations about the state of manpower policy. In addition, the United States Emlopyment Service is included, not as a program but as a major deliverer of services.

2. This array of programs did not emerge as part of any systematic effort to identify and provide each of the services needed by various disadvantaged groups or by all the disadvantaged. Instead individual acts were written, considered, and amended in rapid succession to meet current crises, real or imagined, with little attention to their interrelations. Though overall objectives are reasonably clear, the objectives of some of the individual programs are not.[1]

3. The resources and enrollments in all of these programs are too small relative to the size of the labor force and the magnitude of needs to have had an appreciable impact on the problems they were intended to "solve." Remedial programs for the disadvantaged currently enroll an average of only 300,000 people at any point in time—this in an economy where in prosperous 1966, 2.5 million persons were unemployed 15 weeks or more, 850,000 were unemployed over half the year, 1.3 million looked for but did not find any work, 1.3 million males 25 to 64 years of age did not seek work and more than five million persons worked for less than the federal minimum wage.

4. The 1961–67 period is most appropriately viewed as an experimental one during which many things were tried with varying degrees of success and failure. A positve contribution of these efforts was the identification of a number of services which have proven useful in lowering the obstacles to employment and retention of the disadvantaged. A few of these are:

(*a*) Outreach to seek the discouraged and undermotivated and encourage them to partake of available services;

---

*Garth L. Mangum is Co-Director of the Center for Manpower Policy Studies at The George Washington University where he is evaluating federal manpower programs and policies under a grant from the Ford Foundation.

[1] Sar A. Levitan and Garth L. Mangum, Making Sense of Federal *Manpower Policy*, Policy Papers in Human Resources and Industrial Relations, No. 2, Institute of Labor and Industrial Relations, the University of Michigan, Wayne State University, 1967.

(*b*) Adult basic education, to remedy the lack of obsolescence of earlier schooling and prevocational orientation to expose those with limited experience to alternative occupational choices;

(*c*) Training for entry level skills, for those unprepared to profit from the normally more advanced training which assumes mastery of rudimentary education;

(*d*) Training allowances, to provide support and an incentive for those undergoing training and residential facilities for youth whose home environment precludes successful rehabilitation;

(*e*) Work experience, for those accustomed to the discipline of the work place;

(*f*) Job development, efforts to solicit job opportunities suited to the abilities of the disadvantaged job seeker;

(*g*) Relocation and transportation assistance to bring the workers to where the jobs are;

(*h*) Subsidization of private employment of the disadvantaged;

(*i*) Job coaching to work out supervisor-worker adjustments after a job is found;

(*j*) Creation of public service jobs tailored to the needs of job seekers not absorbed in the competitive market.

5. Essential as these services are, they are available through no one program, agency or labor market institution. The various programs are limited in the services they can offer. The budgetary committments for the various services are not rationally related to need. For instance, there are currently more slots for work relief than for training when training should probably stand above work relief in the hierarchy of remedial services.

6. The administrative capability to deliver these services has yet to be developed. At the local level, there is no single agency or combination of easily accessible institutions where those seeking help can find it. Neither has any community the resources to provide some type of service to all who need it. A multiplicity of federal funding sources encourages interagency competition at the federal level and a proliferation at the local level placing a premium on "grantsmanship." Coordination has been tried with little success and consolidation of programs has been limited. Existing agencies have changed their orientation and biases but slowly and only under considerable outside pressure. New agencies have yet to learn effective practices. Surprisingly little has been done, considering the number of programs and the level of expenditures, to develop or train capable staffs at any level of government.

The currently approved model for delivering comprehensive manpower services is the Concentrated Employment Program (CEP). It attempts to concentrate and integrate the efforts of existing programs on behalf of target populations. It appears to have two premises: (1) the complex of programs and agencies can be integrated and focused through a single local institution; (2) while sufficient resources can not be marshalled for a measurable national impact, concentration of both financial resources and administrative capability on narrowly defined targets may make an appreciable difference in a limited number of big city slums and rural depressed areas. The brief CEP experience argues for both technical assistance for planning and management capability and augmented resources to avoid becoming one more link in a chain of unfulfilled promises.

7. Administration officials and Members of Congress have been too impatient to await the results of new and existing programs and to allow for restructuring, removal of negative elements, and finally their expansion into effective programs. As a result, there has been an excessive resort to gimmicks and to attempts to devise "instant policies for instant success." The procedure has become a familiar one. New approaches are designed intuitively rather than empirically. They are launched with public relations fanfare, complete with numerical goals and early target dates. Manipulation of numbers to "prove" success then becomes a major staff function until a quiet burial of the goals and targets can be devised. The favored gimmicks of the moment are the CEP approach and private enterprise involvement. Both have promise as part of the manpower policy arsenal of weapons but the experiences of neither to date has earned the warmth with which they are being embraced.

8. For no program are there adequate valid data for evaluation of strengths and weaknesses and no program currently has a reporting system capable of producing such data. Data on the characteristics of enrollees are adequate in some but not all programs. Data on services provided are weak and follow-up

data on program results are grossly inadequate and undependable. Ad hoc internal evaluations have been made of several programs, either in-house or by contract, but for the most part, their coverage is limited, their data weak and their investigations not probing.

9. Nevertheless, one concludes from observation, available data and piecing together other fragmentary evidence that some programs are at least moderately successful and merit expansion. None is a clearly proven failure, though in several cases the funds could have been better spent elsewhere. Through this necessary experimental process many lessons have been learned, needs probed and useful services identified. Congress has demonstrated a willingness to change and adapt programs in light of administrative experience. Expansion of programs has been slower than anticipated but less because of Congressional reluctance than absence of aggressive Administration requests.

C. PROGRAM EVALUATION

1. MDTA [2]

MDTA's original objective was to retrain experienced adult family heads displaced by economic and technological change. As labor markets have tightened, its emphasis has shifted to the disadvantaged. MDTA consists of two distinct components—institutional and on-the-job training (OJT)—which are best evaluated separately.

a. The institutional training program has built-in "creaming" tendencies since its enrollees are primarily those who have sought help from an Employment Service office. Nevertheless, MDTA institutional training is increasing its proportionate enrollment of the non-white, the young, the public assistance recipient, the handicapped and those with 9 to 11 years of education. It has yet to make significant progress in serving those with 8 years of schooling or less and persons over 44 years of age. Over half the institutional enrollees are apparently drawn from families with annual incomes of less than $3000 per year. The institutional training program probably "creams" within each disadvantaged category. However, the 70 to 80 MDTA skill centers clearly reach a more disadvantaged clientele than other MDTA projects and are probably reaching as deeply as any program except perhaps the Job Corps.

b. The OJT program has never served appreciable numbers of disadvantaged and its record has been worsening in all categories. This may in part be due to recent pressures to expand it to one-half of the total MDTA enrollment, primarily to get more enrollees within the same fixed budget. Enrollment means employment and employers are quality conscious. The federal administrators of the program in the Bureau of Apprenticeship and Training are experienced at promoting apprenticeship but accustomed to leaving recruitment and selection to employers and unions. To augment the limited BAT staff, OJT slots have been contracted to trade associations who subcontract the training to their members or to community action agencies, unions and civil rights organizations who subcontract, usually with smaller employers. The trade associations have a quality bias and the community contractors, while they have the right prejudices, lack experience and competence.

c. Overall, the MDT program has a favorable cost-benefit experience. The completers have more stable employment and higher earnings after training when compared with their own pre-training experience and with control groups. Disadvantaged institutional completers still have a more difficult time finding jobs than other completers but have better experience than in the absence of training. The disadvantaged have a difficult time getting into OJT but once in have retention rates not significantly different from those of the non-disadvantaged.

In addition to its contributions to its enrollees, MDTA has had a positive influence on the Employment Service on Vocational Education and, to a small degree, on apprenticeship. There are continuing issues of priority between serving the disadvantaged and non-disadvantaged, the relative effectiveness of institutional and on-the-job training and the appropriate federal, state and local administrative roles. None of these threaten the overall value of the program, however.

---

[2] For detailed evaluation of the Manpower Development and Training program see Garth L. Mangum, *Contributions and Costs of Manpower Development and Training,* Policy Papers in Human Resources and Industrial Relations, No. 5, Institute of Labor and Industrial Relations, The University of Michigan, Wayne State University, 1967. The MDTA reporting system is set up to produce adequate data on trainee characteristics, training occupations, completions and employment experiences of the first post-training year. However, serious under-reporting makes the latter of doubtful validity and makes state-by-state analyses shaky. The OJT reporting is particularly bad. The reporting system is especially poor on costs and the nature of the training given. A mass of data is poured into the computers but there have not been the staff resources and top level interest to see that it was retrieved and analyzed for managerial and evaluative purposes. Nevertheless, more information is available than for other programs.

Enrichment of the program's services has been authorized from time to time but without commensurate increases in budget. Thus the choice has been between richer offerings for fewer and a leaner program for more. The program could be doubled in size within the limits of current administrative and training capabilites. Skill Centers are currently operating at less than half capacity. Doubling the MDTA budget with emphasis on expanding the skill center concept and directing OJT more clearly toward the disadvantaged should be a legislative priority in 1968.

2. *Vocational education*[3]

The Vocational Education Act of 1963 was the first major reorientation of federally supported vocational education since its beginning in 1917. Most importantly, it directed a shift in objectives from training for occupational categories to serving the training needs of people. It stressed serving those with academic and socio-economic handicaps who could not profit from the regular programs. Federal funds, which are matched equally by the state, were expanded from approximately $50 million to $280 million per year over a three-year period (and Congress actually appropriated the funds). Construction of "area" vocational schools (those serving a broader area than a single high school), more teacher education and better vocational guidance were encouraged. Closer alliance with the Employment Service was directed in order to relate training more directly to the labor market. Money was also authorized for research and innovative programs.

Some progress has been made, but largely, it would seem, for lack of federal leadership, a promising Act has not had a substantial impact upon the status and content of vocational education. The relative emphasis on agriculture and home economies has declined (though their absolute enrollment has increased), new schools have been built, significant research has been undertaken for the first time, and relationships with the Employment Service in determining job market needs have been improved. About one of each four high school students now enrolls in a federally-supported vocational program but 3 of 5 are still in home economics and agriculture. Another 1 in 6 are in office occupations which were added to the list of federally-supported courses by the 1963 Act. Four-fifths of the reported increase in enrollments since 1964 is accounted for by the addition of office occupations and may not reflect an actual increase in enrollments. Post-secondary and adult courses reach 4 percent of the labor force.

Nothing more than pious hope was provided to encourage the desired shift from an occupational grouping to a people-serving orientation. There has been little meaningful innovation under the Act and a great reluctance to adopt proven experiments demonstrated on projects financed by foundations, OEO and MDTA funds. Training occupations still reflect more the 1917 categories than current labor market needs. Offerings for those with special needs account for less than 1 percent of total expenditures. Programs in rural schools and urban slums are limited and poor—just where they are needed most. This generally dismal picture is belied by some real bright spots but in general change has been slow and minor.

3. *Vocational rehabilitation*[4]

The Vocational Rehabilitation program each year results in the placement in competitive employment of more disadvantaged persons than MDTA or any of the EOA programs and at lower average costs. However, its clientele have physical and mental handicaps rather than economic or cultural ones and surprisingly little training occurs. The federal agency claims a 35 to 1 ratio of benefits to costs which can be deflated, using their data, to 12 to 1. However, the program is of undoubted worth. Its particular value is an individualized comprehensive services approach involving a close counselor-client relationship. A rehabilitation plan is mutually developed for each individual and the counselor, in effect, has a blank checkbook to purchase whatever services are needed.

---

[3] See Volume I, *Education for Employment*, of forthcoming report of the Vocational Education Advisory Council. The Vocational Education reporting system is abysmal. Its only real concern has been to see that the states match every federal dollar and that the dollars are spent within the occupational categories prescribed by the Smith-Hughes and George Barden Acts. There is practically no information on student characteristics, training contents and results. The Advisory Council on Vocational Education has been hard put to find any data base for its current evaluation of the results of the 1963 Act.

[4] See Garth L. Mangum and Lowell M. Glenn, *Vocational Rehabilitation and Federal Manpower Policy*, Policy Papers in Human Resources and Industrial Relations, No. 4, Institute of Labor and Industrial Relations, the University of Michigan, Wayne State University, 1967. The Vocational Rehabilitation reporting system is reasonably adequate for managing a rehabilitation program but there is no follow-up information to allow realistic assessment of program results beyond immediate employment. Data are currently inadequate to assess the demographic, economic, and cultural characteristics of the clients but the federal agency is now collecting data on an individual client basis and will soon have data processing capability which should improve the situation.

There is some debate among vocational rehabilitation personnel between those who favor physical restoration to eliminate handicaps and those who emphasize training and other services to make employment possible despite existing handicaps. In addition to the basic services, there is an extensive research program, encouragement for innovation and a program of grants to universities and individuals for pre-service and in-service training of rehabilitation personnel. The program has favorable congressional support and expands about as rapidly as the states are willing to meet their 25 percent matching requirement.

4. The United States employment service[5]

The manpower legislation of the past five years has had a substantial impact upon the Employment Service, so much so that the agency is quite different from the Employment Service of 1962. No longer is it restricted to referring qualified workers in response to employer job orders. Through referral to MDTA, Job Corps and Neighborhood Youth Corps, involvement with vocational educators and community action agencies, and its own Youth Opportunity Centers and Human Resources Development Program, the Employment Service can search out those in need of its services, enhance their employability and even provide public employment.

The Employment Service is very much in transition. By and large, its involvement with the disadvantaged has been under pressure from the national office and in response to competition from community action agencies. Its role and objectives are in a state of confusion. The Department of Labor has become a more aggressive partner in the federal-state system. It has continually added new programs and responsibilities to the Employment Service without commensurate increase in staff and budgets. It has then failed to set priorities among the assignments, all of which cannot be fulfilled adequately and equally with available resources. There is also evidence of failure to seek and achieve concensus before major policy changes. As a result, state and local officials do not share the degree of committment to many responsibilities exhibited by those in Washington.

Four policy objectives appear to coexist, each reflecting stages in the agency's development. Many state Employment Security directors and businessmen still see the agency's primary function to be providing a work test for the payment of unemployment compensation. Most local Employment Service managers probably see their agency as an employer-serving labor exchange. The more progressive aspire to the position of Community Manpower Center, serving all occupational groups and community institutions. Current federal emphasis is on serving the disadvantaged. Mutually exclusive elements in these objectives are apparent. "Image" with employers probably suffers in direct relation to antipoverty involvement.

Problems of salaries and training remain significant barriers to attracting and retaining competent professional personnel. As long as ES and UI are together in the federal and state bureaus, the Employment Service will remain at the fourth tier in the pecking order of authority and prestige in the Labor Department and in a similar position in state governments.

The time is imminent when the USES budget will have exhausted the revenue potential of its Social Security Act Title III basic funding source. At that time, the issues involved in the ES–UI attachment will have to be faced and the decision will have to be made to switch partially or completely to general Treasury funding.

The Employment Service with its ubiquitous local offices is inevitably the "front line" arm of most manpower programs. It has been pressured by events into broadening its activities in behalf of many it previously could not or did not serve. It has cherished ambition to reach upward to others who have not previously sought its services. Without clear objectives it has no measure to evaluate or be evaluated by its own performance.

---

[5] The Employment Service has detailed data on how many transactions occur but none on who is served, how well and what the results are. A forthcoming report by Garth L. Mangum and Arnold L. Nemore, *Reorientation in the Federal-State Employment Service,* will provide some data and more extensive analysis.

D. SUMMARY

1. *Accomplishments*

Needed services have been provided, needy persons have been served and useful lessons have been learned.

The base has been established for a coherent program of remedial services to the competitively disadvantaged.

2. *Limitations*

The administrative capability has yet to be developed for efficient delivery of services.

The resources committed are grossly inadequate relative to need.

Solution to the first limitation would greatly increase the chances of solving the second.

Senator **Clark**. We are delighted to have with us today Governor Kerner, of Illinois, who has recently completed what I suspect is one of the most arduous assignments given any man in public office, the chairmanship of the National Advisory Commission on Civil Disorders.

Governor, I want to compliment you, a coordinator of high talent, because the reports that emanated from closed sessions of the committee, indicated to me that you were a master diplomat in bringing into coordination the conflicting views of some rather strong-minded members of your Commission. I think the end-result is not only splendid, but you didn't have to weaken the report to any significant extent in order to get a document which has caught the attention of the Nation. You are certainly to be commended.

Following Governor Kerner, we will hear Mayor John Lindsay, of New York City, Vice Chairman of the Commission; and following Mayor Lindsay, Senator Fred Harris, of Oklahoma, a member of the Commission.

We hope at a later date to hear Senator Edward Brooke of Massachusetts, who is also a member of the Commission. I take it, Governor Kerner, you got a good deal of help from those two members of our body.

I don't think it would serve a useful purpose for me to characterize or comment on the Riot Commission's report. I will say I have read the summary in detail and will study it.

Our witnesses will speak for themselves and for their Commission. But I do want to congratulate them for producing a report which, I believe, may well go down in history as the single most important and, I hope, influential document in recent times.

Before we call on you, Governor, I would like to give my colleagues an opportunity to make any comments they desire to.

Senator Prouty?

Senator **Prouty**. Mr. Chairman, I have no comments to make at this time. I am happy to have the distinguished Chairman of the Commission present.

Senator **Clark**. Senator Javits?

Senator **Javits**. Mr. Chairman, I would like to say to Governor Kerner that I think the report of this Commission was monumental and I believe it will have the effect of requiring and bringing about a change in the priorities of the United States to give the top priority to the crisis in the cities. Among our greatest difficulties is the difficulty of what should be the priority of national attention and national expenditure, and I believe that the crisis in the cities deserves an equal priority with the fighting war, to wit, Vietnam.

This is not reflected in our budget, it is not reflected in the focus of national attention. I believe the Senate in passing the Civil Rights Act indicated clearly that it considers this priority very high, perhaps not as high as I do, but certainly very high, and I deeply believe that you have rendered, as Senator Clark says, an historic service and I am so proud that our mayor and my personal friend, Mayor Lindsay, was associated with this effort, as was Senator Harris, Senator Brooke, and other distinguished Americans, and I think you will have the great gratification of having really marked a milestone in American history in the recognition that we are now an urban culture and that this tremendous crisis, so dangerous to domestic order, tranquillity, and prosperity which rates much higher priority than it has gotten and I will give your report the greatest credit for being, I think, the decisive factor in bringing it about.

Senator **Clark**. Thank you, Senator. Will you proceed, Governor. Do you want to read your statement?

STATEMENT OF HON. OTTO KERNER, GOVERNOR OF THE STATE OF ILLINOIS

Governor **Kerner**. If I may, I first add things off the cuff.

Mr. Chairman and members of the committee, I am delighted to be here, of course, before the distinguished members of this committee.

I come here not only as Chairman of the National Advisory Commission on Civil Disorders, but as Governor of a State that shares many of the problems the proposed act seeks to solve or ameliorate.

In response to a statement made by Senator Javits, you will notice that our report indicates that unanimously the members of the committee stated that we thought this problem, this great social problem that faces all of us here in the United States, has no higher priority. We, of course, did not feel that we as the Commission should really delve into the area of the executive and Congress in making a final determination of priority, but we did recognize the responsibility and the great need to move ahead.

May I say also, and this is not contained in my statement, that unanimously all the members of the Commission, I think, agreed that the highest priority so far as the needs of jobs and housing and education, jobs took the first priority without any doubt in anyone's mind on the Commission.

This is why I am really very pleased to be here today to testify as to what we, as a Commission found and what I as Governor have found in my State.

But in commenting on the Emergency Employment and Training Acts of 1968, I cannot help but relate its provisions to the findings of the National Advisory Commission on Civil Disorders. You will recall that the Commission, of which I was chairman, made recommendations embracing three basic principles:

To mount programs on a scale equal to the dimensions of the problems;

To aim these programs for high impact in the immediate future (in order to close the gap between promise and performance);

To undertake new initiatives and experiments that can change the system of failure and frustration that now dominates the ghetto and weakens our society.

In relating the act to the first principle mentioned, that of mounting programs on a scale equal to the dimensions of the problem, it appears to me that your committee recommendations have taken into consideration this principle. I believe it is good, too, that this act recognizes that there must be orderly development of programs and that there are gains to be made from experience and experimentation.

I judge this from the manner in which the proposed act shows participation increasing over a period of years. There is, I observe, provision for the employment and training of 450,000 hard-core unemployed the first year, 900,000 the second year, 1.8 million the third year and in fiscal year 1972, hopefully, there will be 2.4 million participants.

Senator CLARK. Governor, do you mind if we interrupt from time to time?

Governor KERNER. Not at all.

Senator CLARK. Do you think those are feasible goals?

Governor KERNER. Yes, I do. Certainly in the private sector already, knowing there had been certain contracts signed with Government offices to train in the private sector, in just one company in Illinois, 200 a month in one plant of this one company. That is 2,400 in one plant in 1 year.

Senator CLARK. I guess you are familiar with the work done by the Scott-Pirie Co. out in Chicago.

Governor KERNER. I think so.

Senator CLARK. That has been sort of a landmark of what can be done in quite a short period of time.

Governor KERNER. Yes, Mr. Virgil Martin started that in 1961 or 1963. I must say the selections they took at that time were not really hard-core as we understand them. They were bright young people of high school age or about that age who had shown great promise, but for one reason or another could not continue with their education.

Senator CLARK. Most of them were dropouts?

Governor KERNER. Yes, but I think it was for economic reasons rather than for scholastic reasons. May I say that in a study done by Frank Kessel, a 40-man commission established in Illinois in 1941, studied 450,000 dropouts in Illinois. They came to the conclusion in studying their scholastic background if they had been able to complete their education, 25 percent were potential Phi Beta Kappa if they had been able to go on. So I think we are losing a great deal of talent because of that.

It is my belief that by providing financial assistance to employers so that their investments in labor and equipment are safeguarded, you will secure that "inmediate high impact," which is the second principle that we found and established in our report, that the report cited as a basic principle.

You have also provided, in the beginning of the program, for double the number of training slots and jobs to come from the public sector as are to be provided by private industry. By 1972, you show equal numbers from industry and Government, with private enterprise providing eight times more opportunities than at the inception of the program. I would like to inject here that with the Federal assistance in the State we have had these on-the-job training programs in the State in mental health, particularly nursing services, and we have trained these people so exceedingly well that I am delighted to report the private sector took some of them away from us to be used in hospitals other than State institutions. This was very pleasing to all of us.

This program is not too ambitious, in my opinion. The incentives provided by the act are needed to safeguard the employer's investment in time, money, and equipment and will be sufficiently attractive to start off the program without stifling delays. The contributions to the economy of the successfully trained and employed man will provide the impetus for succeeding years of growth. None of us here, I know, are discounting an additional incentive—the profound satisfaction that comes to the individual who helps another human being to a successful, productive life.

It just occurs to me that Caterpillar Tractor a little less than 2 years ago started out on a program and sought only one incentive in hard-core unemployed. That is those that had very bad employment records. All they wanted in these individuals was, do you want to work? Of these 58 that were employed about 20 months ago, 44 are still with Caterpillar Co. One of them is in a junior supervisory position.

They gave them on-the-job training in their own plant at their own cost during the daytime and hired an educational foundation to give them the reading, writing, arithmetic voluntarily in the nighttime.

Forty-four out of a total of 58, I think, is a remarkable example of what can be done.

Senator CLARK. I do, too. Do you have any breakdown on the racial basis of those 44?

Governor KERNER. No; I do not. I recall their personnel man indicated the overwhelming majority were Negro.

Senator CLARK. Of course, Caterpillar has an equal employment record.

Governor KERNER. Yes; they do.

The third thing found was to undertake new initiatives and experiments that can change the system of failure and frustration that now dominates the ghetto and weakens our society. This was the Commission's third principle.

I will later comment at length on some of the initiatives and experiments we have used in my own State. For the moment, I will only say that it is a source of satisfaction to me that the act provides, not only for the obvious, but has considered and included such aspects of the total picture as upward progression of the individual, assistance to rural areas, and child care. We feel that all of these must be an element.

Senator CLARK. Upward progressions, of course, means promotion.

Governor KERNER. Yes.

Illinois is fortunate in that it is economically prosperous; has an employment rate well below the national average, both statewide and in Chicago; good wages; and a diversity of industry and occupations.

Senator CLARK. Governor, you mean an unemployment record?

Governor **Kerner**. Yes; it is a mistake, since about the middle of 1964 our unemployment rate has not been above 2.8. It has been down as low as 2.3, and in some of our industrial centers our employment rate even today is lower than it was in World War II—unemployment rate.

Senator **Clark**. Of course, that would not include some areas of Chicago, would it?

Governor **Kerner**. It does include Chicago where the unemployment rate, of course, is three and four times what it is outside of the ghetto areas and I may comment on it later here.

It also has serious problems of city slums, untrained rural migrants, limitations on complete integration, and artificial barriers to employment and occupational advancement.

Senator **Clark**. Governor, do you still have a good many unemployed, and at the moment, unemployable migrants coming in from the South?

Governor **Kerner**. No; that has slowed down. That inmigration actually started to slow down the latter part of 1961–62. As a matter of fact, my own experience in speaking to some of the people in the railroad stations, some of them had returned to the Southland because they did not find the land of promise that they had expected.

There were job opportunities, but unfortunately they were not accustomed to live in the city, No. 1; and No. 2, they did not have any of the skills to fill the jobs.

In Illinois now we have approximately 100,000 skilled job openings. What we have been attempting to do is take the semiskilled and raise their skill to fill the skilled jobs, and taking the completely unskilled and giving them the capability of filling those semiskilled jobs that become available.

We realize, of course, the Congress has recognized the needs of the States as shown by the passage of such legislation as the Manpower Development and Training Act, the Economic Opportunity Act, and the Public Works and Economic Development Act. Illinois has used, to the fullest extent, all the resources provided by the Congress. However, there remains in Illinois, as in all the States, an urgent need for immediate and positive action.

Senator **Clark**. Do you have a pretty good Equal Opportunity Act in the State of Illinois?

Governor **Kerner**. We have a reasonably good one. As a matter of fact, my general assembly appropriated only half the amount of money that is necessary. I have been speaking to the legislative leaders so when they come back again in July that they will, I hope, increase the present appropriation by 100 percent.

The number of cases that is handled is about three times what we anticipate at this time. Many of them, of course, are sent to us by the Federal level and we are just unable to handle them quickly and efficiently which, of course, you must do if you are going to be effective

Senator **Clark**. Does the State commission have enforcement power?

Governor **Kerner**. No; it does not have enforcement power as such. It has to go into court to enforce its orders.

Senator **Clark**. It can go to court?

Governor **Kerner**. Yes, but fortunately we have not been to court very frequently.

Senator **Clark**. Those things can usually be conciliated.

Governor **Kerner**. Sitting and dialoging, they can be settled.

Senator **Clark**. Isn't there an ordnance in Chicago, we are pretty proud of our ordnance in Philadelphia.

Governor **Kerner**. Yes; I have not heard of any complaints. If there are no complaints, I assume it is working satisfactorily.

Senator **Prouty**. Governor, do you have any serious problems with labor unions in this respect?

Governor **Kerner**. Yes, of course we do. As a matter of fact, chide them both privately and publicly, and may I say it is in the trade and the craft unions.

Senator **Clark**. The building trades?

Governor **Kerner**. Yes; the building trades primarily. The general, UAW, Steelworkers, all of these unions, of course, have had an open door to all minority groups for many years. In fact, many of them are in top organizing positions.

Senator **Clark**. They have recently promised to be good boys.

Senator **Prouty**. Is this based on racial prejudice or is it just trying to project the jobs of their members?

Governor **Kerner**. Let me say I suppose there is an economic base for this, too, and this prompts one of the reasons for racism? Let me say one of the unions in Chicago, unless you are related to someone who is in, you don't have an opportunity to get in. They are that tight.

As I say, I have made no secret of my feeling about it both privately and publicly.

Senator **Murphy**. Mr. Chairman?

Senator **Clark**. Please interrupt, gentlemen, any time you feel so inclined.

I yield to you, Senator Murphy.

Senator **Murphy**. Governor, your last remark interests me. Must a person be a relative of a member in order to be admitted to the union? That is as it used to be in New York 30 years ago.

Governor **Kerner**. Let me say I know of only one union that I would accuse of that, and it's one local only. I do not think that is true in all, but in one they practically must have a relationship, really, to be able to get in.

THE IMPACT OF ON-GOING POVERTY PROGRAMS

As I indicated earlier, unemployment rates in Illinois and Chicago are well below the national average. Yet we, too, are experiencing the paradox of "poverty amidst plenty," with 14 of our downstate communities classified as "areas of substantial unemployment" and with persistent pockets of high unemployment continuing in the inner city slum areas of Chicago and in and around several Chicago suburban areas.

Certain of our counties downstate in 1961 had an unemployment rate close to 30 percent. Of course, they are down now. They are persistent, they are in our Appalachia. We do have an Appalachia in Illinois in our coal-mining area in some of our southern counties.

Just as southern Indiana, southern Tennessee, and Missouri. All in that general area we have been trying to work across State lines to overcome this problem. Most of those counties are down; let me say they have rather mixed attitudes about it, ARA, as we were about to get some grants for public services in southern Illinois they suddenly became noneligible. But I was delighted they were then able to swing their own weight.

I do not have any precise figures available on the exact number of those who can be counted among the hard-core or long-term unemployed and the employed poor. It is difficult to obtain those. We did have some years ago from door-to-door in one of the slum areas of Chicago, but I do not have any up-to-date information.

Senator PROUTY. Isn't there any way to get that information?

Governor KERNER. Door-to-door is the only way. The trouble with hard-core is they don't come to you; you must go and seek them out.

Senator CLARK. A lot of them stop looking for work.

Governor KERNER. That is correct. They are so cynical and so withdrawn you have to really search them out and try to help them, which is what we did to a degree in 1963 and 1964.

Senator PROUTY. Aren't most of them or many of them on welfare of one kind or another?

Governor KERNER. Not necessarily. We do not find that people on welfare, men on welfare particularly, do not stay on welfare for a long period of time.

In Chicago we gathered data in connection with the Chicago plan. The U.S. Department of Labor in 1967 completed a study of unemployment in some of our major urban areas that showed unemployment in slum areas far exceeds that of the national average and that is true in Illinois as well.

It is my belief that the estimates of unemployment in slum areas released by the Department's study would hold true for Chicago. If this is so, we can assume that:

1. Unemployment in our slum areas is three times as high as the State average—typically, in a slum area, it would average at least 10 percent.
2. More than 70 percent of the unemployed are Negroes. Approximately 15 percent are Spanish-speaking.

I would like to say that in Chicago we do not have the proportion of Spanish-speaking as there is in New York. We have a rather large number, but certainly proportionately not as great. Although Chicago and the State of Illinois so far as handling Cuban refugees, I think, stands second or third in the country as a State in assuming these people into our community.

Senator CLARK. When this subcommittee went to Chicago last year we did find some very real Mexican American and Spanish American problems.

Governor KERNER. That is right.

Senator CLARK. I agree with you the percentage is less, but the problems are almost as acute.

Governor KERNER. Yes; they are. But I just wanted to leave the factual statement that we do not have as large percent of the population of the Spanish-speaking as New York has.

Senator **Murphy**. Governor, you said you have found cases where the unemployed have just stopped looking for work. Last year, we considered the situation of persons who don't know where to go in search of work and I suggested bringing mobile service trucks with this type of information into the neighborhood and right to the people. Do you think this has any advantage?

Governor **Kerner**. Well, I think it falls completely within a recommendation made by the Commission that we set up community service offices, not only for just health purposes or for law and order purposes, but for general service purposes. But I would think, Senator, from our experience in Chicago particularly, that I still think because these people are usually so withdrawn, that you are going to have to go door-to-door to seek them out, to bring them out, which has been our experience.

This is the greatest difficulty. They have had generation after generation of experiences or failure and they are just almost withdrawn from society and have developed a very cynical attitude.

We first, I think, have to draw them out but certainly I think having a mobile employment office would be very helpful.

Senator **Murphy**. I have suggested to the Governor of my State that instructions be given to persons entering at the border as to where—for instance, in the farm areas, the crops are and what the need for farm labor is at that particular time in those towns. If this is done, workers will know where work is to be found.

It is very difficult now, because a person has to seek out the employment service.

Governor **Kerner**. Well, Illinois of course doesn't have quite the farming problem that your State has, sir, but we still have a great deal of truck farming. Certainly many of the in-migrants that come from the Southern States are very proficient in farming, but I would like to confess, not proudly in my State, I don't have a freedom of residency law and there is great need for farm labor and if these people could live in some of these rural areas, they would do very excellently.

As I say, again we must overcome the racism that is a bar to their working on farms.

Senator **Clark**. You say a freedom of residency law—is that a synonym for "fair housing"?

Governor **Kerner**. Yes, or "open occupancy." We find freedom of residency a little bit better semantically.

There is a need for farm labor, they would live in very nice farmhomes and they would be getting better education and would not be adding to the problems of the core city where they do not know how to live.

As I say, we cover all of these things, really, we think in our report.

Also, we have found a high proportion of the unemployed are youth between 16 and 19 years of age. To overcome this a bit, I have attempted in Illinois to raise our compulsory school age from 16 to 18, because this is the area where we have found in our reports and our disorders that many of the young people who are in this area of "never-never land." No industrialist wants to hire them because his insurance rate goes up; no union will accept them until they are 18 years of age, so if they are kept in school, and I didn't say to read Chaucer or Schopenhauer, or to go into higher mathematics, but to use what talents they have and interpolate them into a vocation or trade they can learn.

Senator **Prouty**. Isn't that the law now?

Governor **Kerner**. No, unfortunately it is 16 in my State, I am trying to raise it to 18.

Senator **Prouty**. I wonder how some of these youngsters who do not want to attend school will react if they have to stay another 2 years?

Governor **Kerner**. I quite agree with you, Senator, if they are forced to stay there with the same type program, I think this would be entirely wrong. I think as I try to instruct our superintendent of public instruction to develop programs with the educators in the vocational and trade type of training because some people just are not capable of picking up a book and reading, but they are very excellent with their hands and do very excellent work, and there is no reason why they cannot continue their training in that school and then they would be ready and able to fill some of these skilled positions that are just crying out for people to fill the jobs.

Senator **Prouty**. I think it is certainly worth trying.

Governor **Kerner**. Senator, I quite agree with you, to force them to continue on with the regular academic work would be a great mistake. I think it would further frustrate them.

We also found that the majority of the unemployed have less than a high school education. They drop out now at the moment sometimes they reach their 16th birthday.

These statistics, we believe, only partially improve and reveal the problem, since they do not include the worker who is employed part time or the employed worker whose annual income is below the $3,000 poverty level. Nor do they include the significant number of men in the prime working-age groups who presumably are not included in our count of the labor force because they have given up making an active search for work and this is this hard core we referred to before.

DOWNSTATE IN ILLINOIS

As a part of the program of the war on poverty, the Community Action Committee conducted a survey of five counties in southern Illinois. Characteristics of residents in these counties reflect a population of low income and low educational levels.

In one county a family of 2.9 persons had an annual average family income of less than $2,000. The average education for the head of the family is at the 7.2-grade level. Ratio of unemployment in the area has been among the highest in the State and in some of the counties, the ratio of individuals to population who were receiving some type of public aid was close to 20 percent.

Senator **Clark**. That 7.2-grade level might itself be deceptive because the caliber of instruction might result in being only at a fifth-grade level.

Governor **Kerner**. That is true. That is why the exhibition of a high school diploma today does not guarantee you that the person can actually pass high school work. We have found in our studies of education that many young people are just being pushed through to make way and certainly cannot even match up to a seventh- or eighth-grade reading test, unfortunately.

You as legislators who have framed this act are well aware of the strange paradox of modern American society—poverty amidst plenty, millions of Americans sentenced to long-term unemployment in the wealthiest Nation in the world. In Illinois, we began early to make intensive efforts to put our resources where the need was most acute.

The Illinois Bureau of Employment Security, as the agency having the greatest expertise in the field of manpower, was realined. Not only was there a change in direction and emphasis to screen workers in and not out, but we began to experiment with installations in three neighborhoods having extensive unemployment.

It was in the winter of 1965 that the Chicago Human Resources Development Program—known as Chip—was established under the joint sponsorship of the Illinois State Employment Service, the Chicago Committee on Urban Opportunity and the Cook County Department of Public Aid.

Senator CLARK. Governor, we have been concerned in the subcommittee about how effectively the State employment services are operating. They are paid 100 percent by the Federal Government, but they are administered by State employees. There was a time when we were concerned that they seemed to be more occupied in finding jobs for those who were on unemployment compensation than in helping the hard-core unemployed. What has been your experience in Illinois?

Governor KERNER. My experience when I first went in would completely parallel your experience. We had almost 7.5 percent unemployed. I not only found that, but I also found they had various files in which people seeking employees did not want colored or minority groups. We have revamped our service. I think ours today is one of the best in the Nation.

Senator CLARK. We had a number of hearings and we passed a bill in the Senate which finally died in the House. I suspect the fuss we raised resulted in improvement in these services.

Governor KERNER. Yes. I am not satisfied with ours yet, although I think it has improved considerably. In our part of the Middle West, Wisconsin was supposed to have the most outstanding. May I say I plagiarized and stole from them what good I could, and I think Illinois and Wisconsin are at about the same level today.

And I understand Wisconsin is considered one of the best.

Senator PROUTY. Governor, isn't it true that if the States make an effort, the people at the State level can probably do a better job than can be obtained by having these functions completely turned over to the Federal Government? I know that in my own State of Vermont, they do an excellent job.

Governor KERNER. Yes, I think so and I think certainly the direction in which much of the Federal program is going would indicate that. The latest changeover, of course, is the agriculture—meat inspection. I think it can be done better.

Now, in Illinois, of course, we have not had the program of worrying about people on unemployment compensation, because we have such complete employment, our unemployment compensation tax in Illinois beginning January of this year is two-tenths of 1 percent.

Senator CLARK. Of course, who knows how long it's going to last?

Governor KERNER. I don't know how long it is going to last, of course. I would say progressively since 1961 we have lowered it; we have had a high rate of employment. We, of course, believe that with the many skilled jobs there are open that if there is a closing down of plants, there is always a place for these individuals to work.

I am also conscious of the fact, of course, that the assembly line type of industrial jobs are fewer today, and probably will continue to decrease, but there will be an increase in service-type jobs and many of these skilled people can move from a type of skilled job within a factory to a service job, because they have the skills and ability picked up. So I am not too concerned about that at the present time.

I feel very positive so far as our economy is concerned. In this Chip program, although it was experimental, we had certainly our fair share of failures and disappointments as well as successes. It did, however, demonstrate the need for a full range of manpower services in a slum program—such services as outreach, counseling, testing, referral, training, and/or employment and job development.

Further, the Chip installations were a valuable proving ground for the redirection and reorganization of the Illinois State Employment Services, the manpower service division of the Illinois Bureau of Employment Security. This redirection and reorganization has resulted in the establishment of 12 neighborhood offices in Chicago's most deprived areas.

Senator, this is talking about what you suggested earlier. These are in addition to the large specialized downtown offices.

Senator CLARK. Governor, would you state for the record some or all of those 18 cities? I don't think we are familiar with them?

Governor KERNER. I think I can recall most of them.

East St. Louis, obviously, is one of them. This is an area where I have had persistent problems of employment and racism.

Frankfort down in Williamson County, this is high consistent unemployment.

Senator CLARK. How about Peoria?

Governor KERNER. No, they are not large. Peoria has had a very good record of employment, a very good record of services.

Senator CLARK. Do they have a significant Negro population?

Governor KERNER. Yes, they do, and they set up a human relations commission a number of years ago and they are constantly in dialog, and I would say the relationship there is excellent. In all the years I have been Governor there has been only one incident. It was a sitdown-liedown for employment by one of the utility companies and it lasted, I think, 5 or 6 hours.

The employment service has evidenced great skills in adapting to the needs of the disadvantaged unemployed and at the same time assisting the employer to fill his vacancies. I trust that, in the implementation of the act, the employment service will be fully used.

The Manpower Development and Training Act has given Illinois, through its local employment service offices, extensive experience in working with employers and with disadvantaged applicants. The State has always been among the first three States in the number of trainees approved for training and the number of enrollees.

May I say I checked with our people as to what our experience is. You mentioned, Senator, it is one of the things that always bothers me—people get jobs, but how long do they stay on them? How long shall we expend our individual efforts to follow them up?

We have for the most part followed them up for 6 months. We find they stay on the job up to the 80 percent level. Whether we should check on them after that time, psychologically if they are out of work for 6 months they develop a no-job philosophy. If they are on the job for 6 months if they have not stayed on there, they probably have developed that and are on another job.

Senator CLARK. The problem is shortage of funds?

Governor KERNER. That is the only shortage. As a matter of fact, our concern in talking to my director of public aid is the area where I think we can make the greatest penetration and help is ADC mothers. We have had a good experience in this field.

Senator CLARK. What do you do about daycare?

Governor KERNER. We give them daycare, public aid with the Department of Labor Works on a cooperative basis. We have daycare there at the place where the mother is going to be, and the first half-hour or so we develop motivation before they go into the actual training and this has worked out extremely well. Until September of last year we have substantially reduced the number of mothers on ADC.

Since last September we are not sure of the reason why, it has gone up, but our program is still ongoing.

Senator PROUTY. Governor, did the Commission attempt to evaluate all kinds of training programs throughout the Nation to determine how successful they are?

Governor KERNER. I didn't get the first part of it, Senator, I am sorry.

Senator PROUTY. Did the Commission attempt to evaluate all types of training programs, particularly as they relate to people living under poverty conditions?

Governor KERNER. I didn't get the first part of it, Senator, I am was to actually answer the questions put to us by the President. We did, of course, have testimony from various agencies of Government of their assessment of success or failure of the program.

Senator PROUTY. It has been somewhat frustrating for those of us on this subcommittee, particularly, and for Members of Congress, generally, not to get the actual facts. For that reason, I offered an amendment during the last session of Congress which authorized the General Accounting Office to make a detailed study of all poverty programs in various parts of the country to find out whether or not they are actually achieving their objectives.

GAO is making a very diligent effort, I am sure, to get that information for the Congress. They also will contract with consultant and management firms and other experts in the field to try to find out what is wrong, if anything, with many of these programs.

There is, I think without question, overlapping and duplication of effort on the part of various agencies and programs. I am hopeful that when this report is finally available, we are going to find ways and means of strengthening some programs, perhaps eliminating some that are not working, and expanding others that are doing a good job.

Governor KERNER. In my own experience I quite agree with you there are some overlapping programs and sometimes it has been a little difficult for us to get approval of certain training programs, because they did not go on far enough. I know that when we began an MDTA program, we developed the program for lathe operators, "machine screw operator" I believe is the technical term, and we were cutback as to the amount of time we could spend on it, and we said, we don't believe these people will be skilled enough to get the types of jobs that are open.

We did complete the program and by experience we then had to prove that actually our first assessment was correct—only one out of 24 who took the initial training program was able to get a job. The others came back and took further training, and they all got jobs.

So I say what I have tried to do is not to stay with just my people in Government. I have had magnificent help from the private sector of people whose job, whose economy, whose success or failure of their companies depends upon their running a tight ship and returning a dollar to stockholders, and I have used people in business to review these programs with us. But I quite agree that there is overlap.

Senator PROUTY. I introduced a bill several years ago, known as the Human Investment Act, which provides tax credits to business and industry who participate in training programs of this nature for the hard-core unemployed. Last year, I offered an amendment to the emergency employment bill of the antipoverty bill which was a form of that program, but which lost in the Senate by four or five votes.

Senator Javits and others have had bills of a similar nature. Do you feel strongly that the private sector of the economy can make a real contribution if given such incentive?

Governor KERNER. Very definitely. As a matter of fact, I have sought their help in setting up our training programs review. As a matter of fact, it is my hope down in East St. Louis in the last general session to get an appropriation of $3.5 million to set up a vocational training school which, if I had had this appropriation approved, I would have made a contract with a not-for-profit corporation for 16 counties of southwestern Illinois and the board of directors and officers to be made up of people from labor and industry who knew what job openings they had, who knew what training had to be had by the individuals in order to find a job opening in their plant.

Unfortunately my general assembly did not go along with me, but I am still trying. This is the confidence I have in the private sector, particularly in the area of technical and vocational training. I have greater confidence in them, I must say, than I have in the educators in this field.

Senator PROUTY. Thank you.

Governor KERNER. Just to cite a few things, and I hate to talk about Illinois all the time, but this is the area where I have had my experience, may I say in that sense I am very provincial.

Senator CLARK. We are very interested in hearing about your experience, Governor.

Governor KERNER. From the inception of the program in September of 1962 to January of 1968, Illinois had programs approved for 47,000 trainees. Over 46,000 men and women have been enrolled in training. Placements of trainees has averaged between 75 and 80 percent. As I say, we followed this up for a period of 6 months after they were employed.

The figures on MDTA take on added significance when we examine the broad variety of occupations covered by the training and placements and the characteristics of the trainees served. Training was offered in some 40 different occupations, ranging from the subprofessional to the service and semiskilled levels—from draftsmen, licensed practical nurses, and inhalation therapists to machine operators, clerk-typists, stenographers, hospital attendants, and psychiatric aides.

Senator CLARK. Do you have any rough estimate as to how many men and how many women were in that 46,000?

Governor KERNER. No, and I would hesitate to guess.

I know that as the program progressed there were fewer men in the last couple of years than there were women, because most of the men were able to get a job, and then we worked and really put high priority on ADC mothers and the number of ladies and women who participated in these courses increased.

Senator CLARK. You said you gave the women day care. Is that done by the State or the localities?

Governor KERNER. By the State. We feel it is an essential service that must be given if we are going to ask these people to try to learn a trade or some sort of skill.

Senator CLARK. No question about it.

Governor KERNER. No question at all in our minds.

While the statistics on trainees characteristics will vary, depending upon the particular type of program being implemented, the overall data since 1962 show that we have concentrated on reaching the hard-core unemployed. This becomes more obvious as we examine the data for this last year when our emphasis was strongly directed to reaching at least 65 percent of the disadvantaged in our training programs.

In Illinois as a whole, better than six out of every 10 enrollees has been a member of a minority group. In Chicago the figure is closer to nine out of 10. One out of every five of our enrollees has been a welfare recipient; six out of 10 did not complete high school.

It was the experience of the employment service early in the manpower development and training program that special supportive services were required in working with the disadvantaged. In Chicago, for example, the employment service contracted with Cook County Department of Public Welfare to provide social services to the trainees in the basic literacy prevocational training program.

The services provided by the social workers was over and above the counseling services given by the employment service and the school counselors. The result was an unbelievable low level of dropouts, which is especially significant since a high percentage were welfare recipients and the long-term unemployed. This approach had been recommended and use in other areas working with the disadvantaged.

Another example of an experimental program that was very helpful to the community was the preparation of Spanish-speaking people to qualify for positions with the Chicago police force. This course provided the men with language and communication skills. Not only did this training assist the applicant in securing employment, but its value to the city is immeasurable, providing individuals who could understand, sympathize and relate to the problems of the Spanish-speaking community and at the same time relate to the problems of the police department.

And this reminds me, too, I think all governments from the Federal right down to the local level, particularly in civil service jobs, should review their examinations, semantically and also for the qualifications that are required.

It is obvious to me after I was in a little while in my job that the civil service examinations, the qualifications required were done when there was a great wealth of manpower, and you required a baccalaureate or a master's or a doctorate really for positions that didn't require it.

Senator **Clark**. Do you think, Governor, that some of the testing methods now in effect, we have had this raised in the subcommittee, almost inevitably result in discrimination against minority groups?

Governor **Kerner**. Some of them consciously and some of them unconsciously, and I think for the most part completely unconsciously.

Senator **Clark**. Do you have any estimates of what percentage of Negroes are on the Chicago police force?

Governor **Kerner**. I do not at the present time. I know it has been increased.

Senator **Clark**. A significant number?

Governor **Kerner**. Yes; it has been increased considerably.

Senator **Clark**. Do you happen to know if they have any Negroes in the executive positions?

Governor **Kerner**. Yes, sir; there are two or three captains to my knowledge.

Senator **Clark**. Do you have a State police?

Governor **Kerner**. Yes, sir.

Senator **Clark**. That is integrated?

Governor **Kerner**. Yes, it is. But not as well as I would like it. I have asked my merit board, who establishes the criteria, and by the way, the head of it at one time headed up the course at Northwestern, at one time the head of the California State Police. I am glad to have him as head of my merit board.

Many of the Negro members, obviously who try to apply fail for physical reasons or cannot meet the educational requirements, unfortunately.

Senator **Clark**. Do you think some change in civil service examination requirements would help to improve that situation?

Governor **Kerner**. Very definitely. I am having all of mine reviewed in my State, for every position.

Senator **Prouty**. Governor, are you suggesting that government jobs should be filled on a quota basis regardless of qualifications?

Governor **Kerner**. No; I am not suggesting that at all, Senator, but I think certainly that the requirements that were set up and established a number of years ago unconsciously may have prevented minority groups from qualifying and I think certainly the standards and the criteria that were established years ago are too high.

Senator **Prouty**. Wouldn't that also relate to members of the majority groups who are faced with some of the same problems as the minority groups?

Governor **Kerner**. I am also talking about semantics, the use of words.

We have a different language than the people do in the ghetto. They may be just as smart as we, but they don't understand our words.

The Commission certainly gave me a wonderful experience of learning another language.

Senator **Prouty**. I can understand what you mean by that.

Governor **Kerner**. This is precisely what I am talking about.

Senator **Clark**. This is a matter that Senator Murphy expressed great interest to me in the committee the other day, but that was in private industry.

Governor **Kerner**. Certainly, private industry has found that high school diplomas are not necessarily an open sesame, and many of them now are removing that.

Senator **Murphy**. I had the horrible experience of being a dropout and I get nervous in the company of Ph. D.'s.

Senator **Clark**. The Senator was a football dropout.

Senator **Murphy**. Some of the conditions which the examinations were designed to test have changed completely and I think the idea of reexamination is an excellent one.

Governor **Kerner**. Senator, you do realize and appreciate, since you have been in the political arena now for a few years, that sometimes you are on very tenuous ground as a politician to do anything to suggest any change in civil service——

Senator **Clark**. Or anything else.

Governor **Kerner**. But this is logical. It is sound, it makes sense, and whether people would criticize me on this basis or not, frankly, it doesn't bother me a bit because I think it is the right thing to do.

Senator **Prouty**. Governor, the Commission points out that the Negro is underrepresented on the police forces in most of our major cities on a proportionate basis.

As you may know, in the District of Columbia our police force is severely understaffed. They have been trying to get new people in, and salaries and pension benefits and so forth are quite attractive. A serious effort has been made to employ Negroes, both directly and by recruiting through civil rights organizations, yet it is almost impossible to get them to accept positions on the police force.

Governor **Kerner**. Senator, it is one of the tragedies, I think, that has occurred, because of the ghetto residents' feeling about police. It is one of those shocking things. It doesn't make much difference, really, to the ghetto resident what the color of the skin of the policeman is. He has been the closest symbol of the "establishment" to the ghetto.

We have talked to—well, let me identify the individual, a gentleman on Mayor Cavanagh's staff——

Senator **Clark**. That's Detroit.

Governor **Kerner**. In Detroit, yes.

He was a policeman, and by the way this man has a master's degree in education. He joined the police department, but he was socially ostracized by his own community.

Senator **Clark**. Negro?

Governor **Kerner**. Yes. He left the police department and took a job in education at lesser money, and then later Mayor Cavanagh picked him up. He is a very bright and able and understanding young man. But I say this is one of the problems—when you join the police force, you are going to have to withstand certain sanctions against you and your family and until this thing turns around, it will remain that way.

Police jobs today are very good and they are going to increase in benefits and education and I think will make a very good service, but we first have to overcome this psychological situation that pervades in police jobs.

Senator **Clark**. That is not very different from the same problems in some of the labor unions.

Governor **Kerner**. That is correct.

Senator **Prouty**. Governor, I recently completed a survey in three or four of the so-called ghetto areas of the District of Columbia. The questions were prepared by professionals. I am not an expert in the field, but the manner in which the survey was conducted was suggested and recommended by experts.

We have completed the survey. It is now being put through computers and soon we will have statistical analyses of the responses.

One of the questions related to their attitude toward the police. I shall be very much interested to see if your conclusion is borne out as far as the District of Columbia is concerned.

I believe that many residents in the ghetto areas are concerned because they do not have greater police protection.

Governor **Kerner**. They want more police protection. There is no question about that. They should have it. They need not only police services, but all other public services in increased amounts. Of course, another thing that is a problem and certainly industry is overcoming it and I think Civil Service has got to overcome it. There is rarely a young man who comes from the ghetto area who is 24 years of age who hasn't been arrested at least once. This automatically disqualifies him. If convicted, of what type of crime, and can men change? These, I think, are questions we have to ask ourselves and answer positively, because this then disqualifies a great many Negroes.

A Negro with a police record cannot join any police force in my State. It may have been, you know, for stealing a watermelon off a wagon, but he has a police record.

So I think we have to take another look at these things, because young men in the ghettos get into trouble with greater frequency; justifiedly or unjustifiedly they do, and this almost automatically disqualifies them.

Senator **Murphy**. Governor, I had an experience years ago when I worked as a messenger on Wall Street. I am sure Senator Javits will know this. At noontime, the streets are jammed with people and youngsters do all sorts of things to attract the attention of the people. They tie up traffic and the police have to chase them. One day the youngest one of a group was caught by the policeman and scolded and told not to tie up traffic. But when the policeman let him go, his older brothers met him around the corner and really let him have it; for getting caught. The policeman was the enemy in Hell's Kitchen down on the Lower West Side. The policeman was the enemy, but it had nothing to do with racism.

This was just a fact of life then. It still is and it is one of the feelings

Governor **Kerner**. Senator, I think we should point out, of course, that our study was limited to the civil disorders of 1967. This is why so many of our findings relate to the Negro because they were the Negro areas that blew up last summer, and I think if we went deeper and had more time in our studies, we would find that certain of these attitudes that we have are not limited just to Negroes. They are attitudes that definitely develop in a crowded core section of any city.

Senator **MURPHY**. One of the reasons that I state this is because sometimes I wonder whether the communications media and the rest of developing the problems, that we are not maybe adding to the problem of the Negro, making him more conscious where he should be less conscious. I have said to the committee many times that I went to school when I was a youngster in a school that was 75 percent Negro in Philadelphia. I never knew about these problems until I went to Hollywood. That's the only place where people are interested in discovering problems. The accent of the emphasis gets pushed too hard on the problem. Some people enjoy the problem.

I would like to find solutions.

Senator **JAVITS**. Governor, that puts me in mind of something I would like you to comment on. I shall ask Mayor Lindsay the same thing.

An increase in benefits brings an increase in expectations, and this is one of the endemic problems in these programs, which only feeds the flames of discontent and thereby makes more likely the eruption of that discontent and riots and violence.

I believe we are now reaping the whirlwind—which we would reap even more fully if we failed to do what we are doing—and this is the fruit of injustice of a hundred years. But I think it would be very helpful and healthy if you would comment on it.

This is a very frank concern in the American mind. You have looked into it in a very authoritative way, what do you say about it?

Governor **KERNER**. Of course, there is this concern. This concern in the past, of course, has given rise to dashed hopes because of so much talk and no action. That's why I think we have to get off dead center. We have been talking plan and program over a period of many years, not just last year, the last 3 years.

We have been talking, but we have not been producing, and the programs that we have had actually we have just scratched the surface.

I think, too, that we must engage the people from the area in some of our programs. I didn't say "operation" necessarily, but in programs. They want to be involved.

I think if we do these things in a positive manner and display a sincerity, the cynicism will recede and the people will cooperate. Just because a person's skin is a little different colored than mine, as a matter of fact, compared to the rest of the people in the world I am a minority. Certainly these people are human beings, they don't expect this thing to be done in 24 hours or 48 hours.

From my discussions with these people they are reasonable individuals. I am not talking only of the Negro community; I am talking of the other minorities as well, but if there is a sincerity, a positive display, an involvement of these people and a display of sincere concern, there need not be this fear.

But if there is further promise and no action, then I must agree with some of the people who are critical, yes.

Senator **JAVITS**. Isn't the analogy of what we know of military science quite exact? That is, what's required is a massive concentration of means at a given point and isn't the thrust of your testimony today that that given point must be jobs and everything that goes with it?

Governor KERNER. Primarily, it doesn't necessarily have to be massive. I don't care how massive it is. What I am saying is if there is not a sincerity underlying all of the massiveness will not do it. There must be a sincerity.

Senator MURPHY. One of our problems is that we listen to testimony and say, "all right, we can do this job with x number of dollars." Then we have an impossible time finding out what happened to the dollars.

Very often there is no plan or inadequate planning as to how the money will be used. In Los Angeles, for instance, according to Mayor Yorty, some 18 months passed by after the poverty program began while two political leaders argued and fought in a tug-of-war to decide which would get control of the money.

This type of incident has been of great concern to this Senator. Not too long ago I found a program where the administrative cost to give away $110,000 was $185,000. On one job in California, there were 18 administrators to help 11 people. This is nonsense.

Very often we have been criticized for being over-sensitive to the administrative problem in programs, but this is a problem.

I would like to see much more accomplished with the money spent, but I have become quite cautious now. In short, I would like to see the construction plans before I buy a house.

That is why your testimony is so important to the committee today. You have had the practical experience and you have had great accomplishments in your State. I think you should be congratulated for what you have done.

Governor KERNER. Thank you. But, of course, a given plan may be excellent. It depends upon who administers it. Of course, we are all seeking talent and sometimes we are unlucky, some experiences we have had. I think we have had good people running them. The plan just didn't work out; we are willing to admit it should not be tried again, but on those plans that have been successful with the proper people, we endorse those and want those expanded.

One of the things I have concern of in my State is if on the basis of the number of jobs that we may be able to train in Illinois it actually will be inadequate to meet the need and if we are supposed to give men priority, I will not be able to do anything with trying to get those women off of ADC that want off because I won't have enough base to do it.

So, I say it is not the plan itself. Yes, I think when we go into certain of these plans, some experimental, obviously some are going to fail, and may I say if Government compared it on the basis of what industry does in its research, I think our percentage bears out I think probably better than theirs, but they only have to report back to stockholders. We have report back to the public generally.

Senator MURPHY. I found from my experience in industry, that research is done first. But very often in Government the work is launched and then research is done. Obviously this has caused quite a bit of waste.

Governor KERNER. Senator, this is one of my criticisms of our Government, too. We do everything on an emergency basis. May I say I am the greatest critic of it.

In my State I wish I could plan things out 25 and 50 years hence, but I am prevented from doing it. And yet criticized when we kind of mess up something. But we in Government have to look at everything we do, business does, this make sense, prior planning.

Senator PROUTY. Governor, about a month before the Newark riot I had a militant civil rights leader from Newark in my office. It happened to be a very able and intelligent woman. She made a tape-recording in which she predicted the riots in Newark. At about that same time Mr. Shriver received a wire, I believe, from the director of police in Newark predicting that riots would occur.

I happened to obtain a copy of that telegram. The woman in my office maintained that the city administration was using the poverty money for political purposes. The director of police insisted that many of the poverty workers were militant agitators, stirring up trouble. I express no opinion here as to which one was correct, but the riot did occur.

Is that a problem which you found as a member of the Commission, throughout the country? I am not talking specifically of any one city.

Governor KERNER. Generally no, I certainly wouldn't conclude that. I don't think we made any findings on this, and the only reason I can make this statement to you, and it may not be a positive enough statement, is although we heard some statements concerning it and it was generally discussed, we found no evidence of it.

The point where it wasn't—the discussion was dropped.

Now, all the members of the Commission may have a different view on it than I have. This is my conclusion from the observation and conversation and presentation and preparation of material.

Senator PROUTY. In this instance people with diametrically opposite points of view both predicted the riot would occur, and it did.

Governor KERNER. Of course, a lot of riots were predicted and didn't happen, too. We looked at cities that we thought sure would have problems that didn't and we looked at cities that had problems that shouldn't have.

When you deal with human beings, it is not like weighing a pound of something. It is so indefinite. The civil disorders started without any planning. We found no evidence of any conspiracy anywhere, yet we always found individuals who came out and said, "I did it. I told you it would happen." They would come out to gain status, I suppose, but these matters are completely unpredictable.

I find in my State I have good intelligence, and when I hear some rumble, I have people check on it. I think in some instances where we had concern and information of it, we began looking before anything happened, not waiting for something to happen. But as I say, it is very difficult to lay down any measures or weights or specific rules in this area.

Senator PROUTY. Many people throughout the country do believe that riots are inevitable this summer and in summers to come, unless certain massive programs which are impossible to develop in the space of the next few weeks are enacted at once.

This concerns me. We hear all this talk about people buying handguns and rifles and shotguns as a means of self-protection. Unfortunately many of those people have never had firearms and know nothing about firearms, and are a danger to themselves.

It seems to me that those who are tempted to riot or who are involved in attempted disorders of a massive nature should be made to understand that they are only hurting themselves. They are actually making it more difficult for those of us in Congress who are trying to face up to this problem.

I think that is something we have to get across to the general public.

Governor KERNER. Senator, I am one of those who believe they are not inevitable; they can be stopped. I am a positive thinker. I think too many people are not worrying about what causes riots, but trying to predict how many riots are going to happen. And these are seeds and people continue to talk that way, it is going to happen. And I wish more people would get themselves involved in what we have in this report.

As I said before, Senator, I have not found unreasonable people in any amount. If you sit down and you show sincerely that you are concerned about them, it will not take massive programs, it is going to take a program over a period of years anyway.

If Congress would appropriate $100 billion without sincerity, it would not be worth the paper to print it. It takes sincerity plus program.

Senator PROUTY. I agree with you.

Governor KERNER. I think the people in this country better be talking causes rather than results. You know, when you start a program, you always have to begin at the beginning. You don't like to end up with nothing.

So I think there is too much negative talk, and I say I have been very critical of those who have been doing that. I think positiveness and sincerity are two of the ingredients, get the feeling down to these people. We are concerned, and I don't see any reason for having riots.

Senator PROUTY. I agree.

Governor KERNER. We have been talking, of course, I know, I hear so much about the problems in the cities and the ghettos. I may say also we have had a large rural area of the United States, I think, we often forget about and this is where many of our problems in the urban cities begin because of migration from the rural areas to the cities, and we in Illinois, of course, have like problems in our rural areas.

It is not as great, of course, because there are not as many people, I guess, and we have been aware there and we are creating jobs and we are trying to upgrade workers in our rural areas.

Senator PROUTY. Governor, I would like to interrupt you once more. I am naturally concerned with the problems of the rural areas, because I happen to come from an area which is rural, and I find that approximately 32 percent of antipoverty funds are being spent in rural areas when, as a matter of fact, 45 percent of the poverty exists in rural areas.

Most of the programs that we are advancing now seem to be directed mainly at the metropolitan areas. Of course, those areas are important. We have to take care of that situation, but I don't think we can overlook rural poverty.

The migration, particularly from rural areas in the South to our major cities, has caused problems. These people have a minimum of education, no skills or training, and end up in an environment in which they find it difficult to adjust.

Isn't there some way to relieve the pressure on the cities by keeping and helping these people in the areas where they now live?

Governor KERNER. This would be very desirable, Senator. In Illinois I have attempted to do that. I have not been entirely successful, but the southern part of our State, the Little Egypt area, is the area of presistent unemployment. May I say in over the last 50 years it has shown a drop in population rather than increase, so obviously there is no opportunity there.

But this has changed through the help of the private sector. We have got some people who set up small plants and the person may have a farm, and wouldn't eke out enough really to come up to the minimal poverty line, but with a job and farm or wife working in one of these little electronic parts manufacturing plants with handwork, we at least, I think, have changed the population outflow in southern Illinois.

I feel it is solid and strong enough at this point to say that since the census of 1920, the 1970 dicennial census in southern Illinois will show it is holding its own for the first time in 50 years, or an increase in population. But it does require a lot of work.

The ARA program helped considerably, may I say, in attracting some of these small plants into these underdeveloped small areas, the bond issue is right up to here. They couldn't get a new sewage system. They could not get the facilities necessary which, in fact, rejected the consideration of their location.

So I say we can do this if we recognize that we have to start with a new base. I think a lot of companies would rather establish a lot of their little plants out in the rural areas, they have indicated that to me; but there is that base that we have to start with of having certain facilities and unfortunately I think most of our rural communities are bonded to the hilt and some of them are practically bankrupt.

We have attempted to do this and I think certainly many of the plants have gone down in the Southern States and have slowed up the migration because there is opportunity, and I am not talking just plants in cities. I'm talking of them in the rural areas where at least there is a labor market, very important.

Senator CLARK. Perhaps you could proceed, Governor. We are running a little behind our schedule.

Governor KERNER. Yes. Why I say, until you have questions, my statement is here and it shows the results of what we have had as an experience in our State.

Senator CLARK. Your statement will be printed in full in the record at the beginning of this morning's testimony so those interested, and I'm sure there will be many, can read it as a whole.

(The prepared statement of Governor Kerner follows:)

PREPARED STATEMENT OF HON. OTTO KERNER, GOVERNOR OF THE STATE OF ILLINOIS

Mr. Chairman and Members of the Subcommittee:

I am grateful for this opportunity to speak before the distinguished members of this subcommittee. I come here, not only as chairman of the National Advisory Commission on Civil Disorders, but as Governor of a state that shares many of the problems the proposed Act seeks to solve or ameliorate.

In commenting upon the Emergency Employment and Training Act of 1968, I cannot help but relate its provisions to the findings of the National Advisory Commission on Civil Disorders. You will recall that the Commission, of which I was chairman, made recommendations embracing three basic principles:

"To mount programs on a scale equal to the dimensions of the problems;

"To aim these programs for high impact in the immediate future (in order to close the gap between promise and performance);

"To undertake new initiatives and experiments that can change the system of failure and frustration that now dominates the ghetto and weakens our society."

In relating the Act to the first principle mentioned, that of mounting programs on a scale equal to the dimensions of the problem, it appears to me that your committee recommendations have taken into consideration this principle. I believe it is good, too, that this Act recognizes that there must be orderly development of programs and that there are gains to be made from experience and experimentation.

I judge this from the manner in which the proposed Act shows participation increasing over a period of years. There is, I observe, provision for the employment and training of 450,000 hard-core unemployed the first year, 900,000 the second year, 1,800,000 the third year and in fiscal 1972, hopefully, there will be 2,400,000 participants.

It is my belief that by providing financial assistance to employers so that their investments in labor and equipment are safeguarded, you will secure that "immediate high impact" that the Commission on Civil Disorders Report cited as a basic principle.

You have also provided, in the beginning of the program, for double the number of training slots and jobs to come from the public sector as are to be provided by private industry. By 1972, you show equal numbers from industry and government, with private enterprise providing eight times more opportunities than at the inception of the program.

This is not too ambitious, in my opinion. The incentives provided by the Act are needed to safeguard the employer's investment in time, money and equipment and will be sufficiently attractive to start off the program without stifling delays. The contributions to the economy of the successfully trained and employed man will provide the impetus for succeeding years of growth. None of us here, I know, are discounting an additional incentive—the profound satisfaction that comes to the individual who helps another human being to a successful, productive life.

"To undertake new initiatives and experiments that can change the system of failure and frustration that now dominates the ghetto and weakens our society." This was the Commission's third principle.

I will later comment at length on some of the initiatives and experiments we have used in my own state. For the moment, I will only say that it is a source of satisfaction to me that the Act provides, not only for the obvious, but has considered and included such aspects of the total picture as upward progression of the individual, assistance to rural areas, and child care.

Illinois is fortunate in that it is economically prosperous, has an employment rate well below the national average, both statewide and in Chicago, good wages and a diversity of industry and occupations. It also has its serious problems of city slums, untrained rural migrants, limitations on complete integration and artificial barriers to employment and occupational advancement.

Congress has recognized the needs of the states as shown by the passage of such legislation as the Manpower Development and Training Act, the Economic Opportunity Act, and the Public Works and Economic Development Act. Illinois has used, to the fullest extent, all the resources provided by the Congress. However, there remains in Illinois, as in all the states, an urgent need for immediate and positive action.

IMPACT OF ON-GOING POVERTY PROGRAMS

As I indicated earlier, unemployment rates in Illinois and Chicago are well below the national average. Yet we, too, are experiencing the paradox of "poverty amidst plenty," with 14 of our downstate communities classified as "areas of substantial unemployment" and with persistent pockets of high unemployment continuing in the inner city slum areas of Chicago and in and around several Chicago suburban areas.

No precise figures are available on the exact number of those who can be counted among the hard-core or long-term unemployed and the employed poor. Studies of individual areas have been completed by the Community Action Agencies. In Chicago we gathered data in connection with the Chicago Plan.

The U.S. Department of Labor, in 1967, completed a study of unemployment in some of our major urban areas that showed unemployment in slum areas far exceeds that of the national average. It is my belief that the estimates of unemployment in slum areas released by the Department's study would hold true for Chicago. If this is so, we can assume that:

1. Unemployment in our slum areas is three times as high as the state average—typically, in a slum area, it would average at least 10 per cent.
2. More than 70 percent of the unemployed are Negroes. Approximately 15 per cent are Spanish speaking.
3. A high proportion of the unemployed are youth between 16 and 19 years of age.
4. The majority of the unemployed have less than a high school education.

These statistics only partially reveal the problem, since they do not include the worker who is employed part time or the employed worker whose annual income is below the $3,000 poverty level. Nor do they include the significant number of men in the prime working-age groups who presumably are not included in our count of the labor force because they have given up making an active search for work.

Downstate in Illinois

As a part of the program of the war on poverty, the Community Action Committee conducted a survey of five counties in Southern Illinois. Characteristics of residents in these counties reflect a population of low income and low educational levels.

In one county a family of 2.9 had an annual average family income of less than $2,000. The average education for the head of the family is at the 7.2 grade level. Ratio of unemployment in the area has been among the highest in the state and in some of the counties, the ratio of individuals to population who were receiving some type of public aid was close to 20%.

THE ESTABLISHMENT OF ILLINOIS BUREAU OF EMPLOYMENT SECURITY OFFICES IN HIGH UNEMPLOYMENT AREAS

You legislators who have framed this Act are well aware of the strange paradox of modern American society—poverty amidst plenty, millions of Americans sentenced to long-term unemployment in the wealthiest nation in the world. In Illinois, we began early to make intensive efforts to put our resources where the need was most acute.

The Illinois Bureau of Employment Security, as the agency having the greatest expertise in the field of manpower, was realigned. Not only was there a change in direction and emphasis to screen workers in and not out, but we began to experiment with installations in three neighborhoods having exensive unemployment.

It was in the winter of 1965 that the Chicago Human Resources Development Program (known as CHIP), was established under the joint sponsorship of the Illinois State Employment Service, the Chicago Committee on Urban Opportunity and the Cook County Department of Public Aid.

The CHIP program was experimental and had its share of failures and disappointments as well as successes. It did, however, demonstrate the need for a full range of manpower services in a slum program—such services as outreach, counseling, testing, referral, training and/or employment and job development.

Further, the CHIP installations were a valuable proving ground for the redirection and reorganization of the Illinois State Employment Service, the manpower service division of the Illinois Bureau of Employment Security. This redirection and reorganization has resulted in the establishment of 12 Neighborhood Offices in Chicago's most deprived areas. These are in addition to the large specialized "downtown" offices.

In the Downstate Area, there are eight Human Resources Development Offices in cities having the heaviest concentration of hard-core unemployed, although all offices are involved in the HRD concept of providing employability services.

The Employment Service has evidenced great skills in adapting to the needs of the disadvantaged unemployed and at the same time assisting the employer to fill his vacancies. I trust that, in the implementation of the Act, the Employment Service will be fully used.

MANPOWER DEVELOPMENT AND TRAINING ACT

The Manpower Development and Training Act has given Illinois, through its local Employment Service Offices, extensive experience in working with employers and with disadvantaged applicants. The state has always been among the first three states in the number of trainees approved for training and the number of enrollees. The only factor that prevented the Illinois MDT program from being much greater and assisting many more unemployed and underemployed was lack of adequate funds.

Let me cite a few things Illinois has done so that you can relate it to the Act you are proposing.

From the inception of the program (September 1962) to January 31, 1968, Illinois had programs approved for 47,000 trainees. Over 46,000 men and women have been enrolled in training. Placements of trainees has averaged between 75 and 80 percent.

The figures on MDTA take on added significance when we examine the broad variety of occupations covered by the training and placements and the characteristics of the trainees served. Training was offered in some 40 different occupations, ranging from the sub-professional to the service and semiskilled levels—from draftsmen, licensed practical nurses and inhalation therapists to machine operators, clerk-typists, stenographers, hospital attendants and psychiatric aides.

While the statistics on trainees characteristics will vary, depending upon the particular type of program being implemented, the over-all data since 1962 show that we have concentrated on reaching the hard-core unemployed. This becomes more obvious as we examine the data for this last year when our emphasis was strongly directed to reaching at least 65 per cent of the disadvantaged in our training programs.

In Illinois as a whole, better than six out of every 10 enrollees has been a member of a minority group. In Chicago, the figure is closer to nine out of 10. One out of every five of our enrollees has been a welfare recipient; six out of 10 did not complete high school.

It was the experience of the Employment Service early in the Manpower Development and Training Program that special supportive services were required in working with the disadvantaged. In Chicago, for example, the Employment Service contracted with Cook County Department of Public Welfare to provide social services to the trainees in the basic literacy provocational training program.

The services provided by the social workers was over and above the counseling services given by the Employment Service and the school counselors. The result was an unbelievable low level of dropouts, which is especially significant since a high percentage were welfare recipients and the long-term unemployed. This approach had been recommended and used in other areas working with the disadvantaged.

Another example of an experimental program that was very helpful to the community was the preparation of Spanish-speaking people to qualify for positions with the Chicago police force. This course provided the men with language and communication skills. Not only did this training assist the applicant in securing employment, but its value to the city is immeasurable, providing individuals who could understand, sympathize and relate to the problems of the Spanish-speaking community and at the same time relate to the problems of the Police Department.

Rural development

I have earlier mentioned that sections of Illinois are suffering severely from lack of employment or from very low income. Although these people do not live in ghettos, they do live on poor land and suffer deprivations not dissimilar to those in ghetto areas.

The proposed Emergency Employment and Training Act, I am happy to note, includes these people and these areas in its plans. I like the provisions you have made to enable employers in smaller communities to participate in creating jobs and upgrading workers. Also, I believe the provisions for financing out-migration and recruitment are desirable and much needed if industry cannot be brought into the communities.

Supportive services in the Emergency Employment and Training Act

I believe that the most impressive aspect of the Bill is that it actually puts a man, from the very beginning, into a true work situation. He is simultaneously in training and in employment. He is contributing to, as well as receiving from, his employer.

Recognition has been given to the great need for supportive services. For example, in the Chicago Plan hundreds of unemployed women with children were interested in and available for work, but no child care facilities were available. Now you have made the creative suggestion that employers, too, should provide day care and be reimbursed.

Another inhibiting circumstance for the poor is the lack of such a commonplace item as carfare for transportation. It costs money to go to work and to eat lunch, even when lunch is brought from home. Many of the areas of severe unemployment lack job opportunities within the city, such as evidenced by East St. Louis. Transportation costs to outlying areas is prohibitive although often these are the areas of greatest employment opportunity.

Since transportation costs have been included in the Bill, it will be possible for agencies, such as the Employment Service, to work out a plan with employers or with transportation companies to provide transportation.

I should like for this Act to be strengthened by specific mention of payment for such medical care as is needed to get the applicant on a job. It has been demonstrated in many projects that the disadvantaged have health problems requiring solution before they are truly employable. We are referring here to such simple things as glasses, hearing aids and dentures.

The MA-2 program (contracts with private employers for hiring the disadvantaged) is, as you know, an experimental program. It has the same kind of supportive services as you are advocating in this Bill but it is limited to only five cities and to employers of 500 or more. It has been encouraging to note that employers are recognizing their responsibilities for training the disadvantaged and have filed proposals to participate in this program.

I do have one question on the Bill. You will recall that one of the recommendations of the Commission on Civil Disorders was that joint efforts be made with cities and states to consolidate manpower programs to avoid fragmentation and duplication. I do not find anyplace in the Bill where such coordination is specifically spelled out. I believe that this coordination is absolutely essential and must be provided.

Gentlemen, if this Bill is enacted into law, I believe that it will go far toward implementing the three basic principles underlying the recommendations of the Civil Disorders Commission. It does contemplate programs on a scale equal to the dimensions of the problems, provides programs of high impact in the immediate future and permits the undertaking of new initiatives and experiments that can change the system of failure and frustration that now dominates the ghetto and weakens our society.

Senator CLARK. I am particularly interested in the two recommendations you make in your statement. First, that you would like to see specific mention of payment of medical care in the area of glasses, hearing aids, and dentures; and second, the problem of requiring greater coordination which I agree with you is absolutely essential.

I have one question.

That is whether your experience would lead you to agree with me that you can almost isolate the three most difficult problems confronting those of us who are trying to do something in this whole general area. These are not necessarily in the order of their importance, but (1) the needed administrative and technical skills are in short supply, it is hard to get qualified and trained people; (2) the funding is inadequate; and (3) the administrative problems are terribly acute because our particular organization of government gives us local, State and Federal governmental entities that cut across judicial, legislative, and executive entities. Within a huge structure such as the Federal Government and/or the city of Chicago, there are so many overlaps concerning boards and city councils that the coordination of the problem is a very difficult one, indeed.

Would you agree with that?

Governor KERNER. That is true. We all being human beings, there is always this fight for status that I am afraid is what frustrates many efficient programs.

Senator CLARK. I think the right for status is particularly acute in bureaucracy.

Governor KERNER. This is what I have reference to, of course.

Senator CLARK. We elected officials are entirely free of that, aren't we?

Governor KERNER. I didn't say we were exceptions.

Senator MURPHY. Mr. Chairman, ——

Senator CLARK. I was going to ask Senator Prouty and we will go in order.

Senator PROUTY. Just one or two questions, Mr. Chairman, thank you.

Would you be in favor of granting tax credits for capital expenditures to an employer willing to construct a plant in an area where there is a high number of unemployed?

Governor KERNER. I have suggested that to the tax department because of their reaction unfavorable to revenue bonds. If it is realistic and practical to do it that certainly areas of persistent high unemployment being such spots that would be eligible for tax-free industrial bonds. Unfortunately, too many have been sold to put up plants already in highly populated competitive areas.

I would go along with it in that degree, but I would hesitate to give it carte blanche.

Senator PROUTY. One last question.

I understand that only about 2 percent of antipoverty funds are available to retired people, that is, people 65 years of age and older.

Many of these people are living in abject poverty. Two years ago I was able to have an amendment adopted in the Senate which gave some of these people who are not eligible for social security $44 a month at age 70 and over.

It went to conference where it was reduced to $35 a month beginning at age 72.

Obviously these people cannot live on incomes of that nature. Many people on social security have incomes well below the poverty level.

Is it your judgment that social security payments should be increased substantially enough to enable these people in the lower brackets to at least live a reasonably decent life, or should we come up with an approach such as a guaranteed annual income for older people in lower income brackets?

Governor KERNER. Senator, in my State we are already doing it; where we find people are not getting enough money through social security we are adding to it.

Senator PROUTY. Is that by welfare payments?

Governor KERNER. Yes, it is a welfare payment, actually, if people are unable to live on it, we add to it. They have to give us their welfare check and we give them an amount in return over and above that—including that amount, plus.

Senator PROUTY. It seems to me that detracts tremendously from their dignity. Many of these people were hardworking. They are not bums or people who never worked—many are retired school teachers.

Governor KERNER. This is why I made a suggestion in discussion and I have discussed it with men whom the President asked to look into this situation. There are five categories of public aid, as I see them. General assistance, which is solely state responsibility.

Then you have really three categories that are the lame, the halt and the blind, and the aged, really basically, and the question of their eligibility or ineligibility is not going to change, and the age situation obviously isn't, they are just going to get older.

In those that are blind the probability of their obtaining sight is very unlikely. Those crippled and not able to work, unless something miraculous happens, they are going to remain in that category. Whether perhaps those categories—I want to be careful how I select my words. I realize the danger of misinterpretation at this point—whether in a sense they ought not be handled through social security.

I know the philosophy of funding in social security and I know that you want it to remain solidly funded as it should be, but in this area if these people would get their checks directly from social security, perhaps by an appropriation instead of public aid payment, they would retain this dignity, Senator, that you are talking about.

Also, it would do something else. It would remove all of this irritating reexamination to determine qualification and the check ought to be sent directly.

Let me tell you if a man gains sight and he has been blind, I think we will read it in the newspaper quickly. I don't think he is going to remain eligible.

These three categories, not only the aged, Senator, certainly people don't go out and blind themselves. They don't go out and cripple themselves. They are in the same sort of category as handicapped and cannot perform a day's work.

I have offered this as a suggestion, as I say, for consideration. I know there are a lot of pitfalls and a lot of barriers to what I have suggested, but let me say this. With the inventiveness of the American mind, I think there is a proper way of doing it.

Senator PROUTY. Following the adoption of this $35 amendment 2 years ago, I received thousands of letters from elderly people all over the country. I was amazed to find how grateful so many were for so little. I certainly think our minimum social security payment is much too low.

The Dominion of Canada guarantees people 70 years and over $75 a month for a couple. It seems to me this great country, despite many of our financial problems, has to think in terms of helping people who are unable to help themselves right now.

I think we have got to make other cuts, perhaps in nonessential programs, or desirable but not urgent programs. But I think we have got to take care of people who are desperate and desolate if we are going to live up to our traditions.

Governor KERNER. I think, Senator, too, the age group that you are specifically talking about are becoming fewer in number each year because of private pensions. The greatest decrease I have had in public aid in Illinois in any one category has been the aged.

Senator Prouty. Then that obviously lowers the cost.

Governor Kerner. Because time take care of those who did not work for companies that have a pension plan there and age takes care of the rest of them. They are fewer and fewer.

Senator Clark. Senator Pell?

Senator Pell. Mr. Chairman, I read your statement and had a chance to hear your replies here. I was interested in drawing on your experience, both as a three-termer or four-term Governor of Illinois——

Govenor Kerner. No, second. I have selected not to run for another one.

Senator Pell. Do you see the varying states of black and the white, of the haves and the have-nots; as coming together or do you see them further and further polarized?

I realize the riot report shows increasing polarization, does your experience as Governor of Illinois indicate the same thing?

Governor Kerner. Yes; unfortunately and economically those that have not are having less in comparison with those that have and the area between has been widening. This is an unfortunate situation that we have had all this economic rise that we have.

May I say in other areas, too, I have noticed in an area in which we did not investigate, but because of my interest in education, in speaking to educators and heads of universities whereas before there seemed to be at least a mingling now, there seems to be a separating by color at the universities, particularly in the last 2 or 3 years.

Yes, there is, let me say, reasons other than racism involved in this. I think a professor at the University of Michigan indicated in a report the other day that we were wrong in our report. It wasn't racism actually, it was a status, a nationalism, an identity of a Negro people that we talk about it in our report. It is in there.

Yes, there is the nationalistic movement among these people.

Let me say to answer your question directly that if that nationalistic feeling continues the black people will obviously become more separated, but I do not believe the majority of the Negro people believe in that philosophy.

Senator Pell. As the years have gone by, you have seen this polarization increase and it is worse today than it was when you first took office, and you think this to be a national phenomena?

Governor Kerner. Yes.

Senator Pell. It is going to take a rather substantial infusion of effort to resolve this problem?

Governor Kerner. Right.

Senator Pell. It is very interesting, too, to my mind that, although not in the same building, but here at the Capitol within the space of a few days, we find that in the statement of Secretary of State Rusk yesterday or the day before, he pointed out that the difference between the have and have-not nations is likewise increasing in what almost seems an equivalent ratio. What we are really faced with is a true international dilemma to which more public attention is being devoted, with increasing emphasis on the foreign relations aspects of it, and of course, greater world interest. But whether it be nations or individuals, there is increasingly polarization.

Governor KERNER. I would say so. I realize with our Commission we had one problem to look at and intend to solve, you gentlemen have both.

Senator PELL. We are faced, as you know, with the question of priorities and what our national emphasis should be on trying to reduce this polarization both internationally and within our country.

I would also like to excuse myself, Mr. Chairman. I have read the testimony of our colleague, Senator Harris and Mayor Lindsay, and I am delighted that all three of the witnesses seem to approve of this fine legislation. I am proud to be a cosponsor to it.

Senator CLARK. I hope the Senator will take care of my interests in Foreign Relations Committee which are identical to his.

Senator Murphy?

Senator MURPHY. Governor, one of the problems which should be open for discussion regards the designing and administration of programs; in particular, the designation of the proper group to administer programs.

I have the impression that it was the feeling of the administration that the entire attempt to find solutions to existing problems, particularly in the unemployment area, should be done completely within the public sector. The private sector was rather ignored. However, lately the private sector has come into the picture quite prominently.

In fact, I notice that the Commission's report says that the involvement of only 5 percent of all private companies would represent the work of more than 500,000 firms to solve the problem.

We have a happy situation in Los Angeles. Chad McClellan has done a magnificent job. With practically no money he has inspired firms to hire an additional 18,000 persons from the Watts area. Also, there is a man named Ted Watkins who is the kind of expert that you look for in these distressed urban areas. The work of Watkins and McClellan has been complementary and it has provided a great opportunity for many.

Now, in recommendations, there is always a question of how much money we can afford. We have a limited amount now and we have all sorts of fiscal problems. Therefore, I wondered to what extent you believed that the private sector will takeup a part of the burden?

The thing that concerns me is that many of the American taxpayers are already overloaded with tax obligations they pay. Last year's raise never seems to make up for next year's added cost of living and added taxes. We have been in a very difficult cycle for some time, and I wonder if you would comment on the feasibility of a full effort to involve the private sector in the task that lies before us. Look at the Chrysler situation for a moment. They had a training program and they finally had to say, "For goodness sakes, let's get unhooked from the Government. There's too much red tape. We waste too much time filling out forms and working out all sorts of requirements for the Government. We will do it on our own."

Chrysler found the most practical manner to make jobs successfully. Actual and meaningful jobs are the ones with which we are concerned. I wonder if you would comment on whether you favor a greater emphasis on the involvement of industry.

There is no disagreement on this committee as to what needs to be done. Sometimes we disagree as to method. Some of my colleagues think that we have more money in Washington than we do, and that the administrators in Washington will find better solutions. However, I am concerned with the brokerage fee on the funds sent from your State and my State to Washington, then partially returned to the State. It would be better to approach this by granting tax credits to provide incentive to firms to meet the challenge.

Governor **Kerner**. As to the tax credit situation, I know it is a very contentious item so far as the Treasury Department is concerned. But when you mentioned Chad, I can mention other people—Reverend Sullivan, OIC. These great people to begin with, they are people with a civic conscience.

So I think the Federal Government recognizing this problem, first with the attitude of private industry a number of years ago, as I said over the years in answer to this, thank God that President Kennedy recognized the situation when he did and started these poverty programs. Otherwise, the situation would be much worse today than it is, and certainly President Johnson has recognized and increased these programs, because you cannot, under our form of democracy, force the private industry into this area. But I have noticed a changing temperament in the private sector and I am delighted to say that I was present at the Illinois Chamber of Commerce annual meeting last fall at which Bill Franklin, the president of the Caterpillar Tractor, I thought, gave a marvelous talk. So I liked it so much I sent a copy to the President and the Vice President, particularly the Vice President because of his chairmanship and activity in Jobs for Youth.

There is no Federal money in Jobs for Youth. These summer programs are actually a concerted effort with the private sector to obtain positions for youngsters during the summer so they can continue on with their education to completion.

But Bill Franklin's statement, I thought, was an excellent one, and I think polarized the feeling of industry now that this changed from what it was 10, 15, 20 years ago.

Senator **Clark**. If the Senator would yield briefly, I would think the fact that the very eminent industrialist, good friend of mine, Tex Thornton, signed your report, is in itself an indication of changing attitude.

Governor **Kerner**. Tex Thornton is an unusual guy.

Senator **Murphy**. And in an unusual industry.

Governor **Kerner**. Yes, but it is adopting this responsibility of a civic conscience and civic responsibility, obviously in our report we indicate that the private sector will join in. Some will join in on their own, I have no doubt; some will want some sort of incentive to pay the cost of really training these people for business and industry and certainly some of these people are not going to show a profit as a worker for a period of time, so I say a joint venture now belatedly, but I think effective, a joint venture of the private and the Government sectors together can solve this problem.

I think as the private sector learns more about it, and they are the experts in it today, I think they can do this more efficiently, quickly, and effectively.

Senator **Murphy**. Thank you. May I be excused, Mr. Chairman?

Senator **Clark**. You certainly may.

Senator MURPHY. I would like to congratulate you, Governer Kerner, on the job that you have done. I think your testimony today has been one of the most interesting given at hearings I have been privileged to attend.

Governor KERNER. Thank you, Senator.

May I say I think we had a wonderful group of people on the Commission. I think the President showed excellent judgment in getting a cross section of the United States on the Commission. Our staff was excellent.

Senator CLARK. And, Governor, they are not confined as Mr. Kraft alleges, to highly educated, upper income America, are they?

Governer KERNER. Hardly, hardly.

May I say just one thing that you had reference to, Senator Clark, and then I will conclude.

Transportation costs I mentioned in here are terribly important.

Senator MURPHY. I wish you would mention that to the Secretary of Transportation. I have been trying to get some funds that were turned back and refused in San Francisco to build a road from the center of Watts to the center of the job area out by the airport, which we need very badly. So if you happen to bump into him in your travels here, give him a nudge.

Governor KERNER. I missed him in Pittsburgh yesterday and I congratulate him on being able to run the Department without funds.

Senator CLARK. Senator Robert Kennedy.

Senator KENNEDY of New York. First, let me congratulate you, Governor, on your work and leadership on the Commission. I think it is one of the most important studies made in the history of the country. I want to add my words of congratulations to the many others that have come to your direction.

Why is it that despite the concern that people have about these problems and despite the fact that we passed legislation dealing with many of these difficulties in education, manpower training, and other fields, but still the situation seems to be getting worse rather than better?

Governor KERNER. Well, economically for these people it's getting worse because the area in which the unskilled in the past have had an opportunity to make a living is becoming more limited and increasing in opportunity. I think also by way of education—and certainly there has been a benefit and increase in education generally—I think those in the have-not area are becoming more aware of the opportunity that they can have if they had the opportunity, and the frustration that is being denied them because of racism is raising higher emotions within them.

Certainly I think certain of the social service work that has been done has been great and it has been needed and it does show a concern, but also it makes the people more alert of what opportunities there are in this great Nation of ours.

Senator KENNEDY of New York. The report also indicated in the field of education that the situation is becoming more serious rather than the problem being alleviated.

Governor KERNER. Well, there seems to be evidence on that side in education. We are not making the progress we should.

Senator **Kennedy** of New York. What's discouraging is the fact that despite our concern, despite the public pronouncements and preachings by all of us about this problem, we do not seem to be making progress and do not seem to be moving ahead.

Governor **Kerner**. I thought an article written by the superintendent of schools of Elk Grove Village in one of the Chicago newspapers, he opened his statement by saying that teachers must understand that they are there to teach youngsters, and then began to criticize the educational system and we find this possibly true, that perhaps some of the teachers, the best trained teachers, friends, through seniority systems are the best equipped actually to go into the ghetto area. But because of seniority, they make their choice and that's the last place that they would go, and it's the young, new teacher that comes in just out of school and may have the technical background, but not the actual practical experience and they are the ones that end up in the low-income areas and they are the least prepared to handle the personal problems that are involved as well as the educational ones, and apparently there is great frustration there—passing kids through the grades.

Senator **Kennedy** of New York. The record of public education for ghetto children is growing worse?

Governor **Kerner**. That's right.

Senator **Kennedy** of New York. You talk here at the beginning of the report of what is necessary—whether to mount programs on a scale equal to the dimensions of the problems, to mount those for high-impact need in the future in order to close gap and to undertake new initiatives and experiments. These programs will require unprecedented levels of funding and performance.

Do you see, Governor, and Mr. Chairman, that we are taking steps to move in these directions that you outline as being so necessary?

Governor **Kerner**. Yes; I think we are, but I don't think we are in as large enough area as we should. I think we are not using the talents of many young people who I think would like to be involved in this on a voluntary basis, who are equipped, shall I say, by their own educational backgrounds. They are not certificated, they are not graduates of a school of education, but I think that many of these young volunteers can go further into the ghetto area on a person-to-person basis on the whole and help. This I think will encourage and will relieve many of the problems and the burdens that the paid teacher has to face and becomes frustrated with every day.

Senator **Kennedy** of New York. What I am referring to is the suggestion in the report as to what is necessary, as to whether we are moving in these fields—whether you think there are indications that we are moving in the fields of education and job training, in housing, recreation, all of the areas you have outlined, in the relationship between the police and the people living in these ghettos, and whether you feel that since your report or since the riots of last summer the country has bound its wounds and is beginning to move in the directions which you outlined before.

Governor **Kerner**. Actually in the field of education, I think, of course there has been some awareness of this on a smaller scale, not nationally as yet, and some of these experimental programs that have been done in areas where they are aware have proved very successful. I think they have to be expanded, so let me say I think there is an awareness and I hope, as I am sure that I think all of the members of the Commission hope, that there becomes an awareness of the entire problem which may have been thought to be really very provincial and didn't affect me because I didn't live in a certain city, from some of the letters I have received from people throughout the Nation. They have indicated their awareness now, they were slightly aware, but now are more deeply concerned.

I am sure as people get concerned they will insist on joining in and insist on positive action rather than planning.

Senator **Kennedy** of New York. I am glad to hear you say that. I am more pessimistic and not as encouraged as you are.

You mentioned the field of education. I just don't see that in the field of education, at least in the ghetto schools that I have visited, that we are making that kind of progress, that there is that kind of innovation.

What concerns me is that we pay attention now to the money that we have been spending—the fact we are spending much more money on manpower training programs, much more in the field of education, in all of these areas than we did some time before.

The fact is also, as we look across the century, that the situation is getting worse rather than better. People are feeling more bitter, more disillusioned than they did a decade or 5 or 6 or 7 years ago.

Governor **Kerner**. Senator, I have had my frustrations in the area of education, too. I have done some teaching myself, on occasion. But you can't tell a teacher anything if you are not a teacher, unfortunately. It's almost an area that they have taken unto themselves, and I have been critical of the teaching profession. I have been critical of teaching courses.

Senator **Clark**. Of course, we lawyers are almost as bad.

Governor **Kerner**. Yes, as a matter of fact, we even have a lobby behind us to prevent people from invading our area, as do the doctors, you see. Certainly I think more people are beginning to look at themselves a little bit in the teaching process. I didn't say great numbers, but——

Senator **Kennedy** of New York. This subcommittee just came back from Kentucky, where we talked about jobs and about the influx from the rural areas into the urban areas of the country, where rural residents don't find jobs or housing.

In eastern Kentucky we had a great deal of attention on the poverty program, and public concern about what is happening in Appalachia. Yet before our committee there wasn't one witness who appeared who had been trained in any of our job programs or knew anyone else who had been trained in any of our job training programs, who had ever received a job there.

I am not saying there are no such people, but in the hollows of eastern Kentucky, where great unemployment exists and where a great feeling of hopelessness and despair exists, that has not been done.

So the result is that a high percentage of people leave every year, most of whom have been going to Chicago, to Cincinnati, and other eastern cities.

We spend all of this money in all of these fields, in programs which I have supported, in education, in job training, in employment, on our young people between the ages of 16 and 25, on housing, yet in all of these matters we are not really moving ahead. We are moving backward. I would like to have your judgment on that and what is going to reverse it.

Governor **Kerner**. Senator, let me say this. I know you have been personally concerned about these problems more than the fellow on the street. This has been a great concern of yours, I know. We are hopeful that this report will make more concerned people. If there are more concerned people, positive action will take place.

Certainly, if not, I predict what we stated in this report will take place.

Senator **Kennedy** of New York. What do you see will happen after this report? Has there been a reaction from the man in the street? Specifically, in the executive branch of the Government, which is going to have a major responsibility in this field, has there been a reaction from the executive branch of the Government indicating that the recommendations you made are going to be recommended in Congress?

Governor **Kerner**. There has been a reaction in the Illinois executive branch.

Senator **Kennedy** of New York. You mean the State?

Governor **Kerner**. Yes.

Senator **Kennedy** of New York. You have outlined a series of actions for the Federal Government, action required by the States, and by the cities far more than they have done in the past, in reorganizing their programs. It is not just a question of waiting for money from the Federal Government. But there also has to be something from the Federal Government as well.

Governor **Kerner**. I believe if I remember the programs, as presented by President Johnson, did increase, certain of these programs.

Senator **Kennedy** of New York. Do you think that this is satisfactory then?

Governor **Kerner**. I don't know that it is satisfactory at this point. I don't know. We are hopeful that they will be.

Senator **Kennedy** of New York. Do you think that what we are doing at the moment is satisfactory?

Governor **Kerner**. Apparently it is not completely satisfactorily, but I think as Senator Clark and Senator Prouty indicated, certainly review of programs and coordination, elimination of overlap, the more efficient use of moneys because of past experience will have a greater impact in my opinion.

Senator **Kennedy** of New York. As I say—I go back to the point that I made. I think if we enact these programs and spend this money and the situation gets gradually worse, I don't see how we can reach the conclusion that continuing those programs at the same funding level, is going to improve the situation.

Governor **Kerner**. As I say, that is a responsibility we realize. I realize that, as it is on my mine in my own position in my State, but I cannot make these decisions certainly for Congress nor the Executive at the Federal level. I will do what I can at my position. The Commission was given a job to do, to look into the matter, what caused the riots? Why? What happened? What do you recommend to overcome them?

And from this point on we hope that all people, not in the Government sector alone, but the private sector and the citizen will become involved.

Senator **Kennedy** of New York. Here, Governor, you say in support of the Employment Act of 1946:

> The United States had a national goal of useful jobs at a reasonable wage for all who wished to work. Federal expenditures for manpower development and training have increased from less than $60 million in 1953 to $1.6 billion in 1968. The Federal Government proposes an increase in 1969 to provide services for more than 1.3 million men and women.

Governor **Kerner**. That is what we found.

Senator **Kennedy** of New York. As I say, we went through all of these disorders last summer, and I think you suggested some things that are terribly, terribly important, but I question whether—there is a sense not only of the priorities, but of the emergency that is involved.

Governor **Kerner**. Let me say all we members of the Commission realize its urgency, but I am in no position to effectuate it except at my individual level. I have no perfect solution. We as Commissioners do not think, certainly, that we are the initiators of all programs. We have done the best we can in the time that we had available.

Senator **Kennedy** of New York. Thank you, Governor.

Governor **Kerner**. Thank you, Senator.

Senator **Clark**. Governor, we ducked all morning, and your Commission, for reasons which I thoroughly understand, did not face up to the ultimate question: How much are your recommendations going to cost and where are we going to get the money? If you don't want to answer that, feel free not to.

Governor **Kerner**. I will be happy to answer your question. It is a simple and logical reason in my mind. No. 1, we made a series of recommendations. We made recommendations in one category that were experimental. What they will cost will depend upon how far, how much of a program you wish to go into.

Would it be one experimental program of a type or five or 10 or 100? How many individuals involved? We certainly did not have anyone on our Commission who could cost this on an individual basis.

We have another category of recommendations there that really suggest that presently appropriated moneys be used in a slightly different fashion. This certainly is not new money.

Then we come to what are considered new programs and really they are not new, they are not new and ideawise or ideologically but we look, for instance, in the housing area, the rental area, the supplemental income area.

These are areas certainly we could not process. It would depend upon what the Senate wanted to do, what the adminstration wanted to do, and many of those programs, by the way we know are overlapping. There is a little different degree and not all of those programs would be adopted; others maybe would.

Senator **Clark**. Governor, we have had to price out to some extent the cost of the bill that you are testifying on. It runs into a good many billions of dollars. As a practical politician at least I think I am a practical politician—we will find out next November whether I am or not. It seems to me there is only one place to get it. This is this swollen military budget of $80 billion.

These programs are not going to be funded or solved so long as we are trying to be policemen of the world and spending $80 billion on a military appropriation. I make that statement with some reluctance and I don't ask you to join in it because you have a different responsibility and different interests than I do.

I wanted to state on the first day of these hearings to the first witness, that we cannot run away from the dollar sign on these programs and I don't know where in the world else we are going to get it except from the military budget. In my opinion, I do not believe that the American people are prepared to raise taxes back to the level they were. I don't think they are going to be willing to do it and I don't think the House Ways and Means Committee is going to ask them to do it. I don't think the Senate is going to ask them to do it and I'm sure the President isn't going to ask them to do it, and so there's only one place, and that's the military budget. And as of right now, I see no consensus in the country that we are going to be able to do that.

I am as pessimistic as Senator Kennedy is that we are going to get these. You don't have to comment.

Governor KERNER. I would like to comment.

Our report does comment on what we think ought to be done. Of course, we are only 11 people——

Senator CLARK. Eleven pretty smart people, shall we say.

Governor KERNER. Only four of our members will be asked to vote upon this. I will not be, but we all agree unanimously that this program needed money and could not be found anywhere else, it ought to be in new taxes. We discussed the possibility of surtax, but we felt that as a Commission we should not really presume on ourselves the authority that the Senate, the House of Representatives and the President has as its responsibility, but we recommend new taxes and we include it in there, a surcharge if that is the way to do it.

Senator CLARK. Thank you very much, Governor, we were happy to have you with us. It has been an illuminating experience.

Our next witness is our distinguished colleague, the Honorable Fred Harris. We are apologetic for having kept you waiting, Senator. We know you have a fine presentation. I will ask that the entire text of your testimony be put in full in the record and I will leave it to you to summarize any way you desire.

STATEMENT OF HON. FRED R. HARRIS, A U.S. SENATOR FROM THE STATE OF OKLAHOMA

Senator HARRIS. Since my text is slightly different from yours, I believe I'll just read my statement.

First let me say that I am pleased to have this opportunity to support the passage of the Emergency Employment and Training Act, of which I am a cosponsor. I am happy to add my testimony to that of my colleagues who served with me on the President's National Advisory Commission on Civil Disorders. I want to say at the outset that the Commission felt that tremendously expanded employment and job-training opportunities were the single most important recommendation we could make toward the solution of the problems of the ghetto which underlie riots.

The Commission found that—

> Unemployment and underemployment are among the persistent and serious grievances of disadvantaged minorities. The pervasive effect of these conditions on the racial ghetto is inextricably linked to the problem of civil disorder.

Of a total of 2 million unemployed persons and some 10 million underemployed persons in the Nation presently, the most difficult to reach and bring into the main current of the American economy are 500,000 hard-core unemployed who, in the Commission's words—

> * * * live within the central cities, lack basic education, work not at all or only from time to time, and are unable to cope with the problems of holding and performing a job. A substantial part of this group is Negro, male, and between the ages of approximately 18 and 25.

The Commission cited a 1966 Labor Department study showing that while the nationwide unemployment rate was 3.8 percent, the unemployment rate among 16- to 19-year-old nonwhite males in the major ghettos was 26.5 percent, and among 16- to 24-year-old nonwhite males, 15.9 percent.

Senator KENNEDY of New York. Could I interrupt for clarification on this? The Labor Statistics also said that between a third and fifth of the young men in the ghetto are missing from all statistics. Does that mean that you would add a third to that?

Senator HARRIS. The Commission itself tried to take that into account. These figures, as I said, were from a 1966 Department of Labor study, and I am sure they understate the problem because so many of the unemployed just can't be found. Those figures also exclude "underemployed" people, or those who work but don't earn enough to raise themselves out of poverty.

Senator KENNEDY of New York. So it is possible that the figures are considerably higher than that?

Senator HARRIS. That's right, I think it's not only possible but true that the actual figures are much higher. And in addition, I think those percentages are getting worse. Our studies showed that, for example, while 31 percent of the people in the Hough section of Cleveland were poor in 1961, by 1965 that proportion had risen to 39 percent. We found that sort of increase in poverty common in the Negro ghettos around the country. As you might expect, to cite Hough again, while the proportion of poor families was rising, the average family income was going down. In 1961 it was $4,700 a year in Hough but by 1965 it had dropped to $4,000 per year.

Senator KENNEDY of New York. Thank you.

Senator PROUTY. Senator, you give the figures for the nonwhite males in the 16 to 19 and the 16- to 24-year-old age groups. Do you have those for the white males?

Senator HARRIS. I don't have them, but I could furnish them to you or you probably would find that you have the Department of Labor studies from which they came in your files already.

Senator PROUTY. They are very high, too, as I understand it.

Senator CLARK. Senator, when you gave those Cleveland figures, is it true as I suspect, but did not know, that the families are large. Do you break it down on a percentage basis.

Senator HARRIS. You find, of course, a great deal of family disorganization in these ghetto areas, which I think is the result of racism and poverty. I think you will find that family disorganization is less the higher the income.

Senator CLARK. More than that, the families in these disorganized units tend to be large, don't they?

Senator HARRIS. I think there may be some connection between poverty and family size, but I think there is also a connection between education or the lack of it and the size of the family. Of course education itself is partly a function of income, too.

Senator KENNEDY of New York. I want you to know that a large family is a disorganized family.

Senator HARRIS. I think I finally got back on the track.

Senator CLARK. And some of the largest families are very well educated. But they have adequate information if they are able to remedy that situation.

Senator HARRIS. May I say, first, Mr. Chairman, that in order to reach these people we have been talking about—the unemployed and the underemployed—I think it is absolutely essential that we combine and concentrate our existing training and placement programs. They are much too fragmented and often do not lead to real jobs, but to greater frustrations.

Now, in regard to the pending legislation, both the objectives and the specific quantitative goals of the Emergency Employment and Training Act closely resemble the main features of the Commission's recommendations in the employment field. Thus less than 2 weeks after the Commission has completed its report, hearings are being held on one of its principal recommendations for action. I think this is a tribute to the acuity and sense of national responsibility of the distiguished chairman of this subcommittee and of its members. I might say that as I began my work on the President's Commission I took the time to read the complete hearings this committee held last year on so many of the subjects which the Commission subsequently covered. I found those hearings to be highly useful to me in our work, and the Commission as well found itself relying on them.

Senator CLARK. I would like the record to note that the Senator from Oklahoma has cooperated in every respect with the members of this staff. We were happy to make available to the Senator from Oklahoma the testimony from our hearings.

Senator KENNEDY of New York. May I say that I know the report is the result of the work of many individuals and long and arduous hours, but I think one of the most brilliant members of the Commission, whose contributions to the Commission are exceeded by no other, is our colleague, Mr. Harris.

Senator HARRIS. Thank you.

Senator CLARK. This is true.

Senator HARRIS. The finding and declaration of purpose of the bill under consideration explicity recognizes, as the Commission did in its report, that—to quote from the bill—

> there is a huge backlog of need for additional community services and facilities in both urban and rural areas in such fields as those which contribute to development of human potential, better the conditions under which people live and work, and aid in the development and conservation of natural resources.

On this subject the Commission found that:

> In the public sector a substantial number of * * * jobs can be provided quickly, particularly by government at the local level, with our vast unmet needs in education, health, recreation, public safety, sanitation, and other municipal services. The National Commission on Technology, Automation, and Economic Progress estimated that there are 5.3 million potential jobs in public service.

Senator PROUTY. Could you amplify that just a bit?

Senator HARRIS. Let me cite an example, Senator. Right now we have a shortage in the country of 12,000 professional social workers, and that shortage is going to become more acute. We don't know where we are going to find people to fill those jobs.

I authored an amendment to the Social Security Act which was enacted last year, which requires each State welfare agency to recruit, train, and employ poor people, especially welfare recipients themselves, as social service aides, as they are called. Thus through the use of subprofessionals—who can be trained to perform many professional functions—some of the need for social workers can be met.

I think if you study the health problems of the country, as a Presidential commission recently did, it is clear that we really have a crisis in health in this country which is becoming more critical every day; and a part of that crisis is a very large shortage of personnel in the field.

The same critical need exists in most other public-service jobs. We cannot meet those needs except through the use of subprofessionals, and it is only logical that we try to recruit, train, and employ many poor people themselves to do these jobs, for I think that not only would help them get income in a very dignified and socially acceptable way, but also help to humanize many of those programs.

Senator PROUTY. You are not thinking of this as simply a make-work program?

Senator Harris. No, I am talking about real and necessary jobs—not make-work at all, but work that will have to be done and cannot be done unless we use a lot more subprofessionals. As many of these jobs as possible should lead to career employment, with chances for promotion and increased wages.

Senator PROUTY. Thank you.

Senator HARRIS. The Commission recommended making "some arrangements for a flow of trainees from public sector jobs to on-the-job training in private companies." Consistent with this, the bill requires that persons recruited for community employment and training be "provided opportunity for further education, training, and necessary supportive services so that they may be prepared to obtain regular competitive employment in the future." Obviously, to the extent that it can be done, people employed in the public sector should be offered opportunities to move into the private sector. I would hope, though, that a reasonable balance could be struck between our need, on the one hand, for a great many more public-sector, human-service jobs, and the desirability, on the other hand, of moving as many people as possible into private sector employment where their wages would be mostly or completely paid by private enterprise.

I am personally convinced that there will be no more important piece of legislation before the Congress this session than the Emergency Employment and Training Act. That statement may sound like an exaggeration but, for a number of reasons, I do not believe that it is. First, in every survey of ghetto grievances examined by the Commission, the difficulty or impossibility of finding and keeping suitable and dignified employment at a decent wage was invariably cited as either the first or second most important complaint of ghetto residents—the grievance competing for first place with employment problems was the attitude of the police toward ghetto residents.

Second, since the elimination of poverty in its simplest and most fundamental form—that is, poverty as lack of money—requires only that we provide poor people with sufficient income, this bill will make considerable progress toward that end by allowing 2.5 million people now living in poverty to earn a decent income for themselves and their families.

Third, the jobs and job-training provided by this bill—unlike other more direct methods of income maintenance—will repay their costs many times over through the contribution made to national productivity and national income by employees trained and put to work under the legislation. The GI bill of rights is, I think, a wonderful example of the great benefits America can realize from an investment in human resources development.

Fourth, I think it is important for social and psychological reasons that we try to relieve poverty as much as possible through employment rather than through alternative income maintenance schemes. If a person can work, a job is preferable to other forms of income maintenance because, the Commission found, "The capacity to obtain and hold a 'good job' is the traditional test of participation in American society. Steady employment with adequate compensation provides both purchasing power and social status," we said. "It develops the capabilities, confidence, and self-esteem an individual needs to be a responsible citizen and provides a basis for a stable family life."

I'd like to elaborate this fourth point just a bit because I think it is tremendously important and a vital rationale for the bill which you have before you. A lot of people in this country believe that most poor people are different from everyone else in that they don't aspire to decent, steady jobs which provide good wages and a future. I think that simply is not true.

One example I have cited before helps, I think, to dispute the myth that most poor peeople won't work or don't want to work. In Watts after the riot there in 1966, the Aero-Jet General Co.—doing what I hope many more private companies will now do—established a hiring program in the ghetto for a new plant, a military tent-making factory. That plant advertised 75 jobs, and for those beginning positions 5,500 people applied. I've heard more recently that companies publishing similar advertisements in Pittsburgh and Detroit have been inundated with applications from ghetto residents.

The Bureau of Indian Affairs began a program under which jobs such as road repair and fence maintenance and others were offered to welfare recipients who wanted to work. There was a catch: Initially the recipients could receive no more for working than for not working.

Welfare recipients snapped up these opportunities quickly. Furthermore, after this program had been instituted, there was a spectacular increase in the number of eligible welfare applicants who said they were interested in welfare benefits because they could work for them. This made no economic sense for the people involved because a person could receive the same benefits whether or not he worked, but it seems to have made considerable since to them psychologically, since they chose to work. I believe that most poor people who can work and who aren't deterred from working, feel the same way.

Nevertheless, with the explosion of knowledge and technology, there are obviously fewer and fewer jobs for the unskilled, and a great number of people simply cannot qualify for the jobs without the special assistance and training provided for in this bill.

It is also true that a person from a disadvantaged or deprived background, or any person who has been without work for a long period of time when he was looking for work, is often deeply damaged in some way—personally and psychologically—and, thereafter, the mere offering of job opportunities will not necessarily bring him back into society. He frequently loses something of his motivation and self-confidence and his self-image.

I believe that the question of social and psychological barriers to participation in American society for poor persons and members of minority groups is so important that I have scheduled hearings this spring before the Subcommittee on Government Research on the relationship between these barriers and the development of human resources in America.

An important objective of these hearings will be to illuminate, and recommend ways to relieve, the heavy burden borne by many men who have been out of work for a long time and by many people of disadvantaged backgrounds—a burden which makes it difficult and sometimes impossible for them to find a decent job and stick to it long enough to make a success of it.

The problem of job motivation is deep and complex and I don't think we know nearly enough about it. But I feel sure that any effort to employ the hard-core unemployed must include extensive training programs, not only to provide unskilled persons with the ability to perform in an economy which continues to increase its demands for sophisticated skills, but also to try, at least, to overcome the debilitating effects of deprived backgrounds or being out of work for a long time.

I am happy, therefore, to see that the bill specifies programs which, in the Commission's words:

> would provide basic education and counseling in dress, appearance, social relationships, money management, transportation, hygiene and health, punctuality and good work habits—all of which employers normally take for granted.

Another important basis for motivating hard-core unemployed is recognized by the bill in its stipulation that private employers will be encouraged "to adopt innovative approaches which create or make available additional jobs and new types of careers for low-income and disadvantaged persons," and in its requirement that each "program will, to the maximum extent feasible, contribute to the occupational development or upward mobility of individual participants."

The Commission found that—

> In the riot cities which we surveyed, Negroes were three times as likely as whites to hold unskilled jobs, which are often part time, seasonal, low-paying, and 'dead-end'—a fact that creates a problem for Negroes as significant as unemployment."

3

If an employment program is to be successful, we Commissioners felt—

> The previously hard-core unemployed trainee or employee must believe that he is not being trained for or offered a "dead-end" job. Since, by definition, he is not eligible even for an entry-level position, he must be given job training. He must be convinced that if he performs satisfactorily after the training period he will be employed and given an opportunity to advance, if possible, on a clearly defined "job ladder" with step increases in both pay and responsibility.

I can understand, Mr. Chairman, why this bill does not stress new careers in public sector jobs, since you want to encourage as great a transfer as possible of people from the public to the private sector. I would say, however, that I regard the prospect of advancement and career employment as a vital incentive to success in any kind of employment, whether in the public or the private sector.

I was very happy to note in the Finding and Declaration of Purpose of the Emergency Employment and Training Act the statement that—

> The migration of unskilled residents from rural areas which lack employment and other economic opportunities to urban areas aggravates such conditions, thereby impeding the effectiveness of manpower training, job development and related efforts in urban centers while at the same time undermining the economic potential of such rural areas.

The ghettos themselves, and their attendant problems, including unemployment, were worsened by the tremendous migration from rural areas and small towns to urban centers which has been taking place during most of this century. The Commission devotes considerable attention to this fact in its report, as one important origin of our present urban dilemma.

It is also true that nearly 50 percent of the poor in this country live in rural areas and small towns and they, no less than the others, are entitled to real opportunities for employment.

Mr. Chairman and members of the committee, for a long time we in America have been saying that every American has a right to a decent job at a decent wage. Now we must act as if we really mean it. This bill, which I am happy to support, will be a giant step in that direction.

Senator CLARK. Thank you very much, Senator, for a splendid statement which is going to be of great assistance to the subcommittee. I am particularly grateful to you for being willing to wait and postpone your appointment, which I know is important.

I don't want to detain you, but I would like your comments on a column which appeared in the Washington Post the other day under the title, "White Against White: Findings of Riot Commission indicate lack of sympathy for minority groups," under the byline of my good friend Joe Kraft. He is usually very well informed, but I don't agree with what he says. I would ask that it be printed in the record at this point.

Without objection it will be done.

(The article referred to follows:)

[From the Washington Post, Mar. 10, 1968]

White Against White

FINDINGS OF RIOT COMMISSION REFLECT LACK OF SYMPATHY FOR LOW-INCOME GROUPS

(*By Joseph Kraft*)

The report of the Commission studying last summer's riots is not only about tension between blacks and whites. It also expresses conflict between successful America and this country's low-income whites. It is a story of pride as well as prejudice.

For the Commission, and particularly its staff, embodies highly educated, upper income America. And their report reflects the disdain white Americans hwo have made it feel for the white Americans who have not made it.

For openers, there is the special snobbery, the conviction of near omnipotence, common to educated America. As an example, consider the way the Commission handled the basic question of what caused the wave of riots.

The Commission conveys at massive length the impression that it knows the answer. The preface to the report says flatly that: "Part II responds to the question 'Why did it happen?' " and nowhere does the report suggest that maybe nobody knows why it happened.

But the fact is that there are available only a number of more or less plausible theories as to why the riots took place. Nobody really does know. And for the Commission not to acknowledge this limitation is an expression of intellectual cockiness—the characteristic pretense of upper-income America.

This cockiness feeds a kind of know-it-all tolerance. Highly educated Americans have a disposition to use the newer learning of the behavioral sciences to explain away actions condemned by traditional moral standards.

In that vein is the Commission's treatment of a great many of the actions habitually practiced by the Negro community of the ghetto. The report speaks of drug addiction and prostitution, of men deserting wives and children, of violence and looting, of irresponsibility on the job and inattention at school.

But it speaks of these things as though the individual Negroes who did them were not responsible. Indeed the report does not even blame the Negro community as a whole for its inability to evolve an accepted code of moral responsibility reinforced by a structure of rewards and punishment.

But if the Negro community gets off scot-free, blame is assigned. In line with the underlying bias of successful America, the Commission report, in two ways, points the finger of guilt at low-income whites.

FIRST, there is the singling out of "white racism" as the chief source of trouble with the Negro community. To be sure, the Commission does not name the white racists.

But everybody knows the Commission does not have in mind the successful, highly educated Americans who have the means in insulate themselves physically and psychologically from the world of the ghetto.

When it speaks of racism, the Commission has in mind those who have to compete with the Negro for jobs, for housing, and for places in schools and hospitals. It has in mind, and every body knows it, the low-income whites.

On top of the insult implicit in the epithet "racist," moreover, successful America piles the injury of pressuring low-income whites to make sacrifices on behalf of the Negro. As its prime recommendation, the Commission asks that local government be made more responsive to the needs of the ghetto.

The Commission wants better service for the ghetto by the police, the teachers, the sanitation workers, the social workers, and hospital workers. And who are they, these policemen, teachers, and other municipal workers who are being asked to change their way of doing things on behalf of the black community? They are, of course, the low-income whites.

THE POINT, of course, is not that the Commission's diagnosis and recommendations are wrong, or even illfounded. They seem to me, as I have already said, essentially right. But it would surely be much easier to have these recommendations accepted, and much more wholesome for this country in general, if successful America showed a little more sympathy and understanding for the low-income whites of this country.

Senator HARRIS. Joe is also my friend and I too feel that in this instance he was not accurate. I don't criticize him for that because our report after all is quite lengthy. He may not have realized how strongly we emphasized it isn't just poor people but all of us in this country who are responsible, in one way or another, for racial discrimination.

We found that discrimination was pervasive in our society and that it extended to us all—that all of us are very much at fault. I think that sometimes we fool ourselves by thinking, "Well, it's just low-income white people who are prejudiced and not those of us who live out in the affluent suburbs." I don't think that is really true. We certainly didn't say that in our report, and I was surprised that Joe drew that conclusion.

Senator CLARK. Thank you for that explanation, Senator.

Senator Prouty?

Senator PROUTY. Senator, I enjoyed your statement very much, and as the chairman suggested, it will be helpful.

I think one thing should be pointed out, however. In terms of a percentage of our total population, the problem is greater among the Negroes than other ethnic groups. But numerically, there are more poor whites in the country than there are poor Negroes, and I think that is something we should not overlook. Eighty percent of the unemployed today are white people. We are concerned with the problems of all of these people whether they are white or black.

This committee has certainly acted on legislation of this nature from a nonpartisan point of view. I offered an amendment last year on the Senate floor which is very similar to the bill which is now before the committee and we lost it only by four or five votes, as I recall. Some Senators for one reason or another found it necessary to change their votes at the last minute when it seemed likely we were going to win.

Senator HARRIS. May I say I was one of those who was proud to support that amendment, Senator.

Senator PROUTY. Yes. I think the problems concern all of us. We have had so many of these programs in effect now. We haven't adequate information to determine their effect, although we all share the hope that they are going to work and produce results. But as Governor Kerner and Senator Kennedy suggested, the problem isn't getting any better despite many of these programs having been in existence for some time. That is what concerns us.

We want to go over these things and make as certain as we can that we are going to get results.

Senator HARRIS. I'd like to comment on both matters. First, I share your frustration in not being able to get the information which would let us evaluate how these programs are working; the Commission had the same experience. I think that it is impossible—short of spending weeks probing and questioning in each major city in America—to find out how well the job programs are working. They are so fragmented and handled by so many different kinds of agencies and private organizations that it is hard to determine whether you have slots in training or in on-the-job training, how many of each there are, and whether they are filled or unfilled. We have to do a far better job of combining and concentrating these programs than we are now doing generally or even than is being attempted on an experimental basis in some cities.

Senator KENNEDY of New York. Could I interrupt for a second.

I think the point Senator Prouty made and you are making in answer is terribly important. We establish these job training programs and nobody really knows up to the present time whether they have been effective or successful.

Senator HARRIS. Right, and a main part of that assessment is finding out whether these programs lead to real jobs. I think that one of our problems now is that many of them do not, or at least we can't be certain that they do.

In one of the cities I visited as a member of the Commission I talked to some people who were administering a job training program, who said that their files included the names of more than 500 people who had gone through a training program but hadn't yet been able to get a job. The fellow who was telling me that said most of these are young people who are now standing around on the street corners, quite plainly more frustrated and hostile than they were before someone tried to help them. I think that one of the great merits of our Commission's report and of this bill is that both insist that training must automatically lead to actual jobs. I think that is absolutely essential and one of the most important features of the bill.

I would also say, in regard to the financing arrangements under this bill, that I would be willing to see some of the funding channeled through tax credits to private employers, as well as through direct grants, because we might be able to make an impact more quickly and bring in more smaller employers than would be possible through direct payments used alone.

Furthermore, a special tax credit would be useful in encouraging the location or expansion of job-creating industry in either rural or urban areas where the poor people actually are. We have to insure that jobs and people are brought together and we have to make training actually lead to jobs.

Senator PROUTY. I think that is a good suggestion. I have had the same experience as you with some of these agencies where people have completed their training courses. They apparently have no information as to whether they are working, where they are—no information whatsoever.

Senator HARRIS. Could I just make a further observation on the issue of this widening gap which was involved in your question and in the statement of Senator Kennedy a while ago. I think it is very frustrating for the American people to see how much we have done and yet, as we said in our report, to be told that if present trends continue, our problems are going to grow worse. This prospect is very confusing and bewildering to people, but I think we can begin to understand why this crisis is upon us if we recognize that our country is in the grip of forces of change which are radically different from those which were operating before World War II, and that these forces are having a tremendous impact on our own lives and our society.

The first and most important of these is that our population is continuing to grow very rapidly. We are over 200 million people now and we are growing at the rate of 6,400 persons a day; even with declining birth rates those trends are going to continue for the foreseeable future. Thus one reason we have a great many more problems then we used to have is that we have a great many more people.

And then, second, a fantastic explosion in knowledge and technology has occurred. This has meant, for example, that 85 percent of all the Ph. D. degrees ever granted in America have been granted since the end of World War II. It means in my State in a recent year the loss of a large number of jobs because of automated elevators. It means that in an economy where ditches are dug by machines, a man who does not have a high level of skills or education faces a harsh prospect indeed. These kinds of changes are accelerating.

Third, our people have become highly mobile. Last year, 38 million Americans changed residence; 13 million of those moved across county lines and half of that number moved across State lines. Under those circumstances it is terribly difficult for people to maintain community and family ties, so that they can turn to someone in the traditional American way when they are in trouble. With that mobility has come tremendous urbanization, which has had a great effect on us.

I think, then, that we can trace in these forces three major causes for riots. In addition to the kind of agitation we found in some cities—which is unconscionable and intolerable and which helped to create the climate in which violence could occur—there were three major underlying causes.

The first cause was racism, which is a reality in our country which we are going to have to face up to. We have temporized with facing up to it for so long that now there is no greater national need which takes priority over ridding ourselves of it.

Senator **Clark**. Let me interrupt you there, Senator.

Senator **Harris**. Yes, sir.

Senator **Clark**. That sounds pretty much like a statement that the highest priority is in this area. What are we going to do about the military situation and how are wo going to pay for these programs?

Senator **Harris**. Let me say first, Senator, that the second cause we identified was poverty. We thought the best and most important way of alleviating poverty was to help people get a job.

I think often we suppose that if you give enough advice to the poor, they will quit being poor. That hasn't worked very well in our society. The Commission recommended ways people can get money, on the more realistic premise that poverty essentially is lack of money.

The third cause we identified was powerlessness, and to overcome it we recommended a number of means we thought we could help people assert more influence over their government and more direction over their own lives and communities.

Senator **Kennedy** of New York. Could I say I think the last 5 minutes have been a brilliant statement?

Senator **Harris**. Thank you.

Let me say that the question of how our recommendations might be financed was as difficult as any commission ever had to answer, and the principal difficulty was the problem of defining and limiting our jurisdiction—a problem I suppose every commission has to face. For example, if you try to solve the problem of juvenile delinquency, you look at the school and the family, for both are involved. Then you have to widen your search to include the problems of society itself.

I think we had more trouble limiting our jurisdiction than any other commision has ever had because we were dealing with nearly the whole spectrum of public issues in American society today. But we did agree upon some limits. For example, we asked ourselves whether getting things solved here at home wasn't related to problems of the world at large, and we wondered what we should do about the two-thirds of the world that is going to overrun us when we get everything straightened out here. We decided we could not be expected to solve that problem.

The second issue we excluded is the war itself. The war is, of course, I think, involved both psychologically and economically in the problem of civil disorder.

Senator **Clark.** Let me interrupt to say, it is not just the war. The war is taking approximately $30 billion out of an $80 billion defense budget.

Senator **Harris.** Let me just continue by saying this. We didn't feel a responsibility to deal directly or in detail with the war, but we did say that there is no higher national priority and no higher call on the American conscience than to solve the problems we dealt with.

Let me go on to say that these are three ways, I think, of approaching an answer to the question of financing solutions to the causes of disorder.

First, more than legislation or money, the American people need to assert their will and determination to solve these problems. Before we can do that all of us must understand that we are really in deep, deep trouble. We have to admit that we are undergoing a deep crisis and that we have to move to resolve it and move with urgency.

Senator **Clark.** I think what you just said is extremely courageous politically and I agree with it.

Senator **Harris.** I think it is not so much that it's courageous as it is factual. Any of us could always plead ignorance and not have to worry about these problems. During the coming campaign particularly, I imagine we will hear a lot of rhetoric about going back to the good old days and getting back to the way things used to be. In that respect many of us are like a folksinger I remember. He was tuning up his guitar and said, "If I ever get this tuned, I'm going to weld it right there." We all want to get things fixed once and for all and not be bothered any more with them.

But these forces of change in our society are probably the most important reality of our age. We are going to have to run just to keep up with them, because if we sit still, things are going to get worse. Even if we just maintain our present pace, things are going to get worse.

Senator **Clark.** And there is no higher priority?

Senator **Harris.** Yes. And I would say lastly on that, that we have to decide consciously how we are going to divide our funds. Government is always going to be a process by which we divide limited resources.

Senator **Clark.** Take away from one and give to another, it has always been that way.

Senator **Harris.** Even after the war ends our resources are going to be limited. I think it is not correct to say that if it were not for this war, we would be able to take that money and spend it on the problems of our cities. That will happen only if the American people understand the kind of crisis that we are involved in here and only if they understand the horrible conditions in which many of their fellow Americans are living.

Senator **Clark**. I agree with that because we can just increase taxes and leave things the way they are.

Senator **Harris**. There are all sorts of things we could do with that money, but I think we have to make a deliberate decision to put first things first.

I would like to make one last remark about funding. As the former Secretary of Health, Education, and Welfare, John Gardner said:

> We are in deep trouble as a people. And history is not going to deal kindly with a rich nation that will not tax itself to cure its misery.

Senator **Clark**. Thank you, Senator.

Senator Prouty?

Senator **Prouty**. Nothing further.

Senator **Clark**. Senator Kennedy?

Senator **Kennedy** of New York. You spoke, Senator, about tax incentives and the need for tax credits to stimulate industry. You have introduced tax legislation to bring tax incentives into private industry?

Senator **Harris**. I introduced the Rural Jobs Development Act, which provides tax incentives for businesses to locate and expand facilities and employment in rural areas, as a companion bill to your own bill providing similar incentives for expanded employment in urban areas. I think stimulation of employment in both areas is essential.

Senator **Kennedy** of New York. Could you talk about that, whether you think that can provide at least a beginning?

Senator **Harris**. The Commission discussed proposals of this sort extensively because all of us believed strongly in the need for increasing opportunities for poor people in the private sector. We talked about direct payments and tax incentives as alternative methods of funding, and we finally proposed both. I think we need a combination of the two.

Let me say emphatically that tax incentives would have to be administered very carefully to avoid just giving money to anyone at all who merely says he plans to hire or train people. We must insure that real jobs are being provided, that they are meaningful, that people are really being trained, and that we are not just subsidizing rather inefficient industrial operations.

But I think it is possible to provide these safeguards and that we can do so in the bills pending in the Finance Committee. Both my bill and Senator Kennedy's are useful, I think, because the tax incentives they provide would supplement direct payments. One difficulty with direct payments is that large industries could take advantage of them more easily than small ones. Getting the payments would require filling out a lot of forms, signing contracts, preparing progress reports, and so forth. I rather imagine that a great many more jobs might be created if we offered tax incentives in addition to direct payments, so that smaller firms, perhaps employing only four or five people, could recruit, train, and employ some of the jobless. For those reasons I would like to see both tax incentives and direct payments used. That is what our Commission recommended.

Senator **Kennedy** of New York. Do you think with the conditions that exist currently in our country and with the continuation of the war in Southeast Asia that it is possible to implement enough of the recommendations of this report to do what you think needs to be done to head off greater difficulty and trouble in this country?

Senator HARRIS. Senator, let me just restate what you have said and I and others have said—that we are in the middle of the most serious domestic crisis this country has faced at least since the Civil War.

I don't think that if the American people understand this that they can fail to take the measures necessary to solve it, and they can take those measures whether or not the war continues. Of course, it would be far easier economically if the war ended, but the war is a separate question which each of us will have to make up our own minds about. As a Commission, we felt there was no higher priority than the problems of our cities, and that we cannot wait any longer to solve them.

Senator KENNEDY of New York. Let me ask you a companion question then. Are you encouraged not only by the reactions to the report, but going beyond that, by what steps you would anticipate we will be taking over the period of the next few months. Are you encouraged about the future?

Senator HARRIS. All of us who served on the Commission, I think, knew about most of the problems we studied intellectually, but we came to the point of really understanding them constitutionally. If there has been any major change in me since I was asked to serve on this Commission, it has been primarily that I feel a great deal more urgency about the crisis than I did, and more pessimism than I felt before.

Senator KENNEDY of New York. Could you develop that a little? As I said to Governor Kerner, it seems to me we have gone through a lot of programs and there has been an effort made in a lot of different directions over a long time, long period of years, and your report comes to the conclusion that the situation is not improving and there is more despair in many areas of our country than there was 5 or 10 years ago. Are we going to be able to bring ourselves as a country and as a nation to face that fact.

That is what is of great concern to me—that we may not be taking that action in the period of the next few months and the next few years.

Senator HARRIS. I think there are some hopeful signs. I think we have already commenced to move on nearly every front that the Commission identified. I think, for example, that it is hopeful that people are talking about riots and about ghettos outside what is normally thought of as the "riot season"—if there is any riot season—and I think in the process more Americans are becoming aware of these terrible conditions in which people live and the kind of hopelessness that such conditions breed.

I think there is some cause for hope in the fact that Americans are basically decent and compassionate people. I think there has always been a deep current of goodness in our country and I believe that as more and more people understand these problems, more will want to do something about them.

I think the virtue of the American system has been its adaptability to change. When we know enough about a problem, we try to solve it. One of the problems our report can help to correct is a lack of awareness by Americans of the seriousness of our crisis. This hearing itself is a hopeful sign in that respect. The bill we are considering here today parallels almost exactly what the Commission recommends in employment, and this subcommittee was ahead of the Commission in setting up this hearing, which right now is helping to spotlight a major part of the problem.

I think that unless people recognize the depth of this crisis, then there is no hope that we can solve it. But I believe there is hope because people are being made more aware. At least I want to believe that this is true.

Senator KENNEDY of New York. Again, I think you have done a fantastically good job. I would like to see, Mr. Chairman, and I don't ask for any comment from Senator Harris. I would like to see the Government, the President and the members of the Cabinet, come out and say this report presents a program of action and that there are a lot of areas that the United States should move in and we should move immediately.

I would like to see a public statement made immediately that this legislation that was proposed last year has the support of the President of the United States and the administration. We knew, as the Senator said, before the Commission started, that people need work, they need the dignity that comes from work. We have not really taken that step and we are now in March. We are just 2 or 3 months before, as you described, that season, and we still haven't had a word from the executive branch of the Government as to how important it is to take action.

Senator CLARK. I am deeply disappointed that has not been done.

Senator JAVITS. I want to join with both you and Senator Kennedy for saying that. I think it is utterly fantastic the way the administration has reacted and I would like to join with Senator Kennedy and Senator Clark, in calling for the administration to come out and join and support this report, thus setting a priority and giving a foundation for a program in the Congress. Then I think there is a real chance to get this bill adopted.

Senator CLARK. I would think it would be helpful if the administration would endorse this bill in principle. We are going to want to make this a bipartisan bill. We want to know what you fellows on the other side of the table feel. Obviously there has to be some massive employment act and I cannot see why the administration is holding back.

Senator KENNEDY of New York. May I go back? As you say, all of us recognize this is the greatest crisis in a hundred years. I was distressed, quite frankly, that the only step we took after the riots was the appointment of a commission and a day of prayer. I thought it was necessary we take other action when everybody realized we need jobs.

You made your report and, as I say, I think it is one of the great reports in this country, I commend all of the members of the Commission. But let's get on with it and let's have a program of action. I don't see how this country can go along under present circumstances without the direction so desperately needed. I think we need to have the executive branch of the Government and the President of the United States support this report and make specific suggestions as to what they would like to see the country do as a whole, what they would like to see the States do and the communities do, the Federal

Government do, and the legislative branch of the Government do. Let's get on with it.

We have not had that at all.

Senator HARRIS. May I add to that discussion, Mr. Chairman.

I hope that this report will be helpful to the President and helpful in building support for the programs which he has already been advocating and which have been before the Congress for some time.

But more than this, I think there are serious implications for each one of us as individuals in this report. Each of us can do a great deal whether we serve in the Congress or are simply private citizens. I think if it is true, as I found it was while serving on this Commission, that our society and our schools are systematically destroying young people, then we ought to take to heart the observation of Camus, who felt that in a society which believes in torturing children, each of us can do something to make life better for at least one child who is near us.

I think there are implications for all of us in the Commission's report.

Senator KENNEDY of New York. We are destroying these children and these human beings as much as we are destroying the human beings if we don't provide them with the ammunition in the fighting in Vietnam. I think that is essential.

If you don't provide them with ammunition, their lives are in jeopardy, but if we don't provide these children with an education and training, their lives are equally in jeopardy.

Senator CLARK. Let's not forget we are destroying a lot of middle-age and old people, too.

Senator JAVITS. Mr. Chairman, I am anxious to get my mayor on, so I will not ask any questions of Senator Harris. I am sure he will forgive me and understand that except just to say this: I want to make it crystal clear that I join with Senator Kennedy and Senator Clark in the demand upon the administration. I think it is only a duty.

Second, as one Republican I have no desire to see the administration fall on its face in this matter. I will vote, I will work, I will do everything in the world, I will come forward with our suggestions and ideas for a bill, and I hope and pray the President will have the wit to give this report the priority it deserves and to back it.

I don't want to stand around at all and see him make a mess of it and make use of it in the 1968 campaign.

Finally, I think the Congress has now expressed itself as not being punitive in the matter. I think the civil rights bill, the $75 million the Appropriations Committee has just provided—which I think was pretty indicative—for summer jobs all indicate that we want to help with the situation rather than stand back and be resentful about riots or suppress them when they occur.

They will be suppressed, they must be. But there is a disposition to do justice rather than to mete out punishment.

Senator CLARK. Senator, don't forget the extra $25 million we added.

Senator JAVITS. Great, we just got it, and I'm glad the Senator reminded me.

Now, Senator Prouty and I participated in this bill last year. There are a number of things in Senator Clark's bill he will say himself, I am sure, which deal with private enterprise and other ideas that we have introduced. We will do it again, and I only hope, Senator Harris, that with your help as an administration Senator, I do not say that in any invidious sense, I am not criticizing the administration, Senator Kennedy's, Senator Clark's, and ours, that we may move this administration well before the election. I want to make that clear.

I have no desire to stand around and pick up the pieces. The situation is too serious.

Senator HARRIS. May I say in conclusion, Mr. Chairman, that the President, when he appointed this Commission, said, "Let your search be free and as best you can find the truth and express it in your report."

That's what we tried to do. I think we have made an honest and truthful report. It gave us no pleasure to file a report which was as alarming and depressing as this one is, but we felt we had to express the truth. I am pleased to be here in my capacity as a Senator as well as a member of the Commission, to try to carry out as well as I can the the individual responsibility which that report imposes on each of us.

Senator CLARK. Thank you, Senator.

Senator PROUTY. May I ask a question?

Senator CLARK. Senator Prouty.

Senator PROUTY. In view of what you have said, I would like to have you comment on this newspaper story which appeared in the Burlington (Vt.) Free Press on March 11.

WHITE MAN GETS TOO MUCH BLAME

DETROIT (AP).—A Detroit psychiatrist completing a study of racism for the National Institute of Mental Health says social scientists should stop blaming the white man for all the trouble.

Dr. Elliot Luby, associate director of Detroit's Lafayette Clinic and professor of law and psychiatry at Wayne State University, says last summer's Detroit riot was "not an expression of apathy, hopelessness, and despair."

Instead, Luby said, it was an expression of the black man's growing identity, growing pride, growing esteem and an indication that the black man no longer is measuring himself in terms of the white man.

Luby's report on his findings was broadcast Sunday over the "Sunday Supplement" program of radio station WJR in Detroit.

Luby, who is white, was given a $135,000 grant by the institute, a branch of the Department of Housing and Urban Development, to conduct his study. He and a staff of psychologists and psychiatrists interviewed 400 persons arrested in last July's riot and also talked to whites and Negroes in the areas where the rioting took place.

His findings are in direct opposition to a report released last week by the President's Commission on Civil Disorders. The Kerner report placed much of the blame for the riots on white racism and Negroes' poverty and despair.

Luby, however, said he is "becoming weary of social scientists" making white people "culpable for all of the difficulties which blacks have experienced in this country." He said "this seems to be the etiquette of social science research today."

[Portion of article torn.]

However, he said, "Our studies strongly suggest that this (the rioters) was a well-employed group making an average of some $115 to $120 a week, a group which felt that it had substantially improved its status in the community during the past 3 to 5 years, a group that was very optimistic about its future."

Would you care to comment on that? Do you agree with Dr. Luby?

Senator HARRIS. I think that his statement is partly true, and I believe that if you will read our report, you will find that we were well aware of the kind of findings he mentions. But I think there is no way to get around the fact of racism. Let me cite just one example. I got a call the other day from a rather enlightened city about a problem faced by an Air Force major who had just come back from service in Vietnam. His baby son had died of a brain fever and the child was unable to be buried in a local cemetery because of racial restrictions. It is too late in this country for that kind of thing. And yet people are still saying, "Why did you identify racism? Doesn't that make things worse?"

I think we cannot begin to move in the direction we have to go in this country unless we take a hard look at ourselves. Taking that look and understanding what we see is painful. It was painful and unpleasant for us Commissioners to do so, but I think we came pretty close to the truth of the matter, and we had to say so.

But in addition to the general problem of racism, I think we ought to recognize that our present crisis has a specific historical context. A wonderful euphoria existed in this country in the late 1950's and the early 1960's when people—particularly black people all around the country—felt we had finally reached a breakthrough, a point when freedom was going to become a reality and not just a slogan of the civil rights movement. This period perhaps culminated with the march on Washington and the passage of the 1964 Civil Rights Act. Thereafter further efforts at progress were met with rather persistent and massive nonviolent and violent resistance, much of which was viewed on television all over the country by black people as well as white people. The frustration and the cynicism which developed from that helped create the present crisis.

One outgrowth of that crisis has been black power, the violent and separatist aspects of which I reject out of hand, but which also has good aspects in its insistence that black is good and beautiful and strong and in its assertion that a black man doesn't have to make himself over in the image of the white man to be a decent and good human being. That kind of self-pride is something this country believes in and it's a positive and hopeful sign.

Finally, I think a statement made by Alexis de Toqueille, a Frenchman who visited America over a hundred years ago helps explain our crisis. Commenting on the origins of the French Revolution, he said that "Evils which are patiently endured when they seem inevitable become intolerable when once the idea of escape from them is suggested."

That's what has happened in this country, and all of these forces have produced our present dilemma.

Senator PROUTY. The study I have referred to will probably be widely quoted. That's why I brought it up.

Senator CLARK. Our last witness this morning is the distinguished and capable mayor of New York, the Honorable John Lindsay.

Senator Kennedy would like to make a statement.

Senator KENNEDY of New York. I am afraid I have an appointment at 12:30, so I have to leave, but I want to welcome the mayor of our city here to the committee.

I know the very able way that he assisted and I know what an able job he did as a member of the Commission and the extraordinary amount of knowledge and information he has about the problems facing the country and on which the committee is hearing testimony today, so I want to say I will study his testimony, I welcome him here and I'm sure his testimony will be invaluable to us.

Senator **Clark**. To paraphrase an old saying, I think the mayor comes to us from his recent experience.

Mr. Mayor, will you proceed in your own way.

STATEMENT OF HON. JOHN V. LINDSAY, MAYOR OF THE CITY OF NEW YORK, N.Y.

Mr. **Lindsay**. I have with me, Mr. Stephen Kurzman, who is deputy director for operations of the Commission on Civil Disorders, on my right——

Senator **Clark**. We're happy to have an old friend whom we know well in the Senate, Mr. Kurzman——

Mr. **Lindsay**. And Mr. Jay Kriege, who's my own staff assistant in New York on this Commission.

Senator **Clark**. Welcome Mr. Jay Kriege.

Mr. **Lindsay**. I'd like to say, Mr. Chairman and members of the committee, that I'm heartened and cheered by the endorsements of the Commission's work that have come from the members of this committee this morning. Statements of approval and backing, I personally think, as the Vice Chairman of the Commission, are very important for us to have in as many quarters as possible.

After the National Advisory Commission on Civil Disorders completed its investigation of last summer's riots, it undertook to write a program of national action to prevent still more turbulence or bloodshed in our cities.

That program was not designed simply to forestall violence next summer, or the following summer; its objective was to attain a permanent resolution of the failings and inequities we found in a society of haves and have-nots.

In presenting that program, the Commission did not give first priority to better schools, improved housing, or a reformed welfare system. All are important, certainly, we agreed, however, that none was as important to the future of the cities as employment. Accordingly, that subject for action—the provision of more and better jobs—led the list of the Commission's priorities.

In the Commission's words: "Unemployment and underemployment are among the persistent and serious grievances of disadvantaged minorities. The pervasive effect of these conditions on the racial ghetto is inextricably linked to the problem of civil disorders."

The Commission's findings confirmed what I had found in the streets of New York City; that the most common aspiration among the poor of the Harlems and Brownsvilles is the independence, the self-respect and the buying power that comes with a job.

Both as the Vice Chairman of the President's Commission and as the chief executive of New York City, I commend the sponsors of this legislation and the members of this subcommittee, for their swift, intelligent response to the Commission report. In the summary of its findings, the Commission called for action corresponding to three principles:

That programs be mounted on a scale equal to the dimension of the problem;

That programs aim for high impact in the immediate future;

And that programs be undertaken with the initiative and the imagination that can change the failure and frustration that now dominate the racial ghetto and weaken our entire society.

The proposed Emergency Employment and Training Act of 1968 is faithful, in my judgment, to those principles. It implements the Commission's call for urgency and decisiveness in meeting the challenges to the Nation's domestic life. It should be enacted promptly, for it will provide the cities with a fresh, workable mechanism for treating the roots of disorder.

As I said, the Commission found in all the riot areas it surveyed that unemployment and underemployment were common grievances, bitterly expressed. According to our data, most of the rioters were Negro males between the ages of 15 and 24. Almost all the rioters who had jobs were underemployed—in short-term, low-paying, menial positions which they regarded as beneath their education, their capacity and their dignity. More than 30 percent of those arrested had no jobs.

In the cities where violence broke out, Negroes were twice as likely as whites to hold unskilled jobs—part-time, seasonal, and "dead end." Negroes earned less than whites in all the surveyed cities, averaging barely 70 percent of the average white's income. They were more than twice as likely to be living in poverty.

The Commission reviewed our current efforts—Federal, State, and local—to meet these problems. We particularly studied programs in three cities which have a reputation for reciving substantial Federal funding, but which experienced serious disorders last summer. They are Detroit, Newark, and New Haven.

In Detroit, to use but one illustration, Federal contributions to employment and manpower training programs totaled $19.6 million in the first three-quarters of 1967. Although the dollar figure is impressive, the money, it seems clear, did not accomplish enough:

Detroit sponsored 22 federally financed manpower programs, such as the Neighborhood Youth Corps. Almost 14,000 trainees were enrolled. Yet the unemployment rate at the time of the riot in Detroit was 2.7 percent for whites and 9.6 percent for Negroes. The 14,000 training slots barely matched the number of jobless whites, but more than 60 percent of all the unemployed were nonwhite.

The figures exemplify the limited reach of our existing manpower programs. They don't include enough people, and they don't lead to enough good jobs. In New York City, the resources available are inadequate, dwarfed by the magnitude of the need. We devote $1.2 billion a year on welfare, merely keeping people alive, but only $54 million on manpower training.

Every month, 14,000 new people go on the welfare rolls, yet only a fraction of that number can be drawn into job training. Clearly, we are losing the struggle against dependency.

During the first 2 months of this year our neighborhood manpower centers recruited 18,000 people who were ready to enter a job training program or begin work on a job. There were only sufficient job openings or openings in training programs for 4,000 of these individuals, which meant that 14,000 employables had to be returned to the streets with no job and no optimistic prospect of finding one.

There are 15 applicants for every opening in the city's public services career program, and 10 applicants for every spot in the

Neighborhood Youth Corps. Our heavy truck driving course alone has 500 people on the waiting list.

The Presidential Commission recommended a massive, unified manpower program to pull together the fragmented efforts now underway: to concentrate on the programs with a demonstrated capacity to create meaningful employment opportunities; and to add new programs where they show real promise of success.

PUBLIC SECTOR JOBS

In its provisions for the creation of new jobs, the bill before this committee in many respects takes the direction called for by the Commission, which urged the creation of 1 million new jobs in the public sector in the next 3 years. Because of the great service needs, particularly in the urban and rural poverty areas of the country, there is a great backlog of projects for government to undertake.

The opportunities for improvements are manifest in the cities—in vest-pocket parks, in improved health and sanitation services, in neighborhood fix-up and improvement programs, in police-community relations services. The Emergency Employment Act would give the creative city the tools to develop such projects.

In the field of public safety, the Commission recommended a major new effort to bridge the gap between the police and the community. The Commission called for Federal support for the establishment of community service officers in cities over 50,000. This legislation specifically mentions public safety as an area for public service employment and it would, therefore, permit the funding of such a program. The Commission felt strongly that such community service officers could be one of the most important measures that all large cities could take to ease police-community tensions. I hope that the legislative history will strongly support this program.

Jobs should be designed to provide training in particular skills. They should not be make-work projects. Our experience in New York has persuaded us of the futility of providing jobs that have neither future nor meaning to the employee.

The Commission stressed that the termination of a project and Federal funding must not be allowed to mean the end of employment. We suggest, instead, that Federal assistance be scaled in such a way that there is a phasing out period rather than a sudden cutoff of Federal financing. In this way local governments, State and city, may be able to absorb part or all of the programs. I urge you to provide such a mechanism in this legislation.

LOCAL COORDINATION

Regardless of how manpower programs are organized at the Federal or State levels, most of them must be brought together in the cities. Effective manpower programing requires a unison of services, including recruitment, counseling, placement, work experience education, supportive training, follow-through and upgrading. Without a comprehensive system, the progress of an individual from unemployment to employment and on to better employment can never be assured.

This point is clearly recognized in title I of the Economic Opportunity Amendments of 1967, which calls for Federal funding agencies to recognize in each community a prime sponsor with the capability for planning, administering, coordinating and evaluating a comprehensive work and training program.

The Emergency Employment Act wisely recognizes the value of this concept by directing the Secretary of Labor to provide the funds from this bill through the prime sponsors recognized under the provisions of title I of the Economic Opportunity Act. This is a rare example of the kind of coordination between different pieces of legislation and different Federal agencies which will enable cities to unify their programs. In New York City we have worked hard to develop a single agency responsible for manpower development and this provision is extremely helpful to us in bringing about coordination.

PRIVATE SECTOR JOBS

The legislation before us quite rightly recognizes the need to create jobs in the private sector as well as in the public sector. The recommendation that approximately 1 million jobs be created in the private sector is consistent with the findings of the commission, and with the program the urban coalition adopted in its August convocation. Two thousand private employers already are involved in the Manpower Development and Training Act, and 20 corporations are managing urban training centers for the Job Corps.

These projects deserve solid support. Much remains to be done. As the Advisory Panel on Private Enterprise pointed out in its report to the President's Commission, existing programs fail to attract the greatest possible industry involvment for several reasons, among them the following:

Inadequate promotional effort to make industry aware of the programs.

The high overhead entailed in such negotiations and in running such programs.

The fear that such contracting with Government will impinge upon management's freedom to run its own operations.

REIMBURSEMENT

Even if all these objections were met, the level of Government reimbursement at present is too low to permit the hiring and training by the private sector of the hard-core unemployed.

The present rate of Federal reimbursement is approximately $1,000 per trainee in the on-the-job training program. This is not enough. The advisory panel on private enterprise told the commission that only if appropriate monetary incentives are provided by the Federal Government to defray the unusual cost of participation will a truly massive number of companies be induced to participate.

The commission recommended that this reimbursement should average at least the $3,500 called for by the President in his manpower message. The commitment of this legislation to assume these unusual overhead costs must be supported.

Unlike some of the people who come to industry lacking only in the knowledge of a specific training or trade, often the hard-core unemployed have severe health problems, cannot afford the transportation costs from home to job, have no experience in the management of their money, and have dependents or children who need constant supervision. The average applicant has only a fifth grade literacy level. Even more discouraging to potential employers, especially, is the fact almost half of the men reporting have criminal records. These factors, alone or in combination, effectively bar many of the needy from employment.

This legislation provides for the full reimbursement of the full range of such supporting services and explicitly recognizes that these services are to be treated as an integral part of the process of providing employment opportunities.

Perhaps most significant about the Commission's recommendations is its endorsement of a tax credit system as an additional and potentially lower-cost method of stimulating broad-scale business interest in OJT and new job creation. The Commission believed this alternative, which was pioneered in several Congresses by Senators Prouty and Javits on this subcommittee, holds promise, provided that guidelines are adopted to ensure adequate training and job retention. The existing 7-percent incentive credit for investment in new equipment and machinery has demonstrated extraordinary effectiveness as a technique for reaching a large number of individual enterprises to effectuate a national policy. Greater detail about the tax credit approach to employment is provided in the report of our Private Enterprise Panel, chaired by Commission Member Charles B. Thornton of Litton Industries. The panel concluded that the single, most powerful inducement for broad involvment of private enterprise in job training and job development lies in the use of a tax incentive.

RECRUITMENT

A section of the legislation provides reimbursement for firms who send recruiters into the areas of high concentrations of unemployment. Some of the city's largest employers have sent their recruiters directly to our Neighborhood Manpower Centers, and the results have been encouraging.

However, while this procedure serves the needs of the giant corporations that hire in sufficient numbers to justify the maintenance of outside recruiters, it is not practicable for many smaller firms. New York City has only 600 firms employing over 50 people. It is the 9,000 firms that must be enlisted in the employment programs, but they cannot send recruiters into the ghetto areas.

For these firms, a better system would be to use municipal recruitment offices to interview and refer candidates. I propose that Federal aid be made available to localities operating recruitment agencies to supply workers to the smaller firms.

One of the clearest lessons to emerge from the work of the Commission and from our own experience in New York City is the need to end the present overlap and duplication of recruitment efforts. Neither job seeker nor employer benefits from the present confusion.

As the Commission found, "There is an urgent need for a comprehensive manpower recruitment and services agency at the community level." The Commission report continued: "We believe that every city should establish such a comprehensive agency with full authority to direct the coordination of all manpower agencies in the locality including those of the Employment Service, the community action agencies, and other local groups.

In New York, we have worked hard to develop this network and to overcome the opposition of numerous independent groups and organizations which formerly ran such employment centers. We now are beginning to see results. New visits to the centers are running at a pace that will average about 105,000 a year across the city. Our centers, located in the communities and staffed in part from the communities, constitute a very effective recruitment system.

I recommend that this legislation be amended to provide Federal funds as an incentive for localities to develop the comprehensive manpower recruitment and services agency called for by the Commission.

Senator CLARK. Mr. Mayor, what's the matter with the U.S. Employment Service? That's their job.

Mr. LINDSAY. As the Commission noted, the U.S. Employment Service, and many State employment services have over the years demonstrated ingrained and built-up weaknesses.

Senator CLARK. I'm not quarreling with you, but your testimony is directly contrary to Governor Kerner's testimony. To give you a little background, several years ago the Senate had comprehensive hearings on revision of the Wagner-Peyser Act, which sets up the State employment services. The employment services, as you know, are paid 100 percent by the Federal Government although they are staffed 100 percent by the States.

This subcommittee was very critical of the work of the State employment services and the Federal bureaucracy which was supposed to supervise them. We felt they were spending most of their time trying to get jobs for people on unemployment compensation. When the very heavy unemployment cycle changed, we felt that their bureaucratic attitude was a great deterrent to turning them into the area where they would spend a significant—in fact, most of their time in trying to find jobs for the hard-core unemployed.

That bill didn't pass the House, but it had a catalytic effect on a number of the State employment services, and, indeed, on the Federal bureaucracy which supervises them.

Governor Kerner said that he believed that in Illinois, the State employment service is now doing an excellent job. I'm not surprised, but I'm interested to hear you say it is not doing that in New York.

Mayor LINDSAY. Well, let me underscore the finding of the Commission, which appears in the Bantam Book edition at page 417——

Senator CLARK. Let me turn to it.

Mayor LINDSAY. It's very brief.

Senator CLARK. I have it right here.

Mayor LINDSAY. It reads as follows:

> There is an urgent need for a comprehensive manpower recruitment and services agency at the community level. The Federal-State employment service is not serving this function in many urban areas and cannot do so unless it is substantially restructured and revitalized.

Senator CLARK. Now, let me ask you this. I agree with that, certainly in some areas, but isn't it better to try through legislation and/or administrative action to modernize and put some strength into the State-Federal joint employment service than to create a whole lot of new ones?

Mr. LINDSAY. Well, what the Commission suggests—and I endorse it personally based on my own observations—is that there be a single, comprehensive manpower recruitment, and services agency.

Senator CLARK. Does that mean federalizing—does that mean federalizing the employment service?

Mr. LINDSAY. No; not necessarily.

Senator CLARK. Because actually there is a single agency now. It's the 50-State State employment services operating under broad general standards laid down by the Federal Government which in turn pays 100 percent of the bill.

Mr. LINDSAY. Let me put it another way. The way we're trying to do it in New York City is that we now have a network of 21 recruitment or job-training centers.

Senator CLARK. It is recruitment, not training.

Mr. LINDSAY. Ths is referral service. This is the mechanism by which you hook up the person who wants to be trained or to have a job, with the training program for the job.

Senator CLARK. Well, I'm talking now about the recruitment. How do you handle that? Don't you work through State employment services?

Mr. LINDSAY. This is what I'm getting to. We have arranged in 13 of these 21 centers, which are run by the human resources administration of the City for the Federal and State administrators to move in in order to achieve coordination.

Senator CLARK. Good. I hope they move in on the others, too.

Mr. LINDSAY. It is just being started. Now, a system of subsatellites, smaller units, is being created as a feeder system under the 21 centers.

Senator CLARK. Well, I think it's extraordinarily fine that you've been able to find some dollars in your New York City budget to implement the Federal-State service. Three cheers for that. There are a lot of communities that can't do it.

Mr. LINDSAY. True. And we find it very expensive. As I have said, the Commission report recommended, also, on page 417:

> We believe that every city should establish such a comprehensive agency, with authority to direct the coordination of all manpower programs, including those of the Employment Service, the community action agencies, and other local groups.

Senator CLARK. That's all right if they can find the money.

Mr. LINDSAY. Correct. As my testimony here suggests, some Federal assistance in this regard could be a great help.

And, as I have said, one of the lessons the Commission learned and which I learned from my own experience in New York City is the need to end the overlap and duplication.

In New York we are trying hard to establish a comprehensive agency of the kind recommended by the Commission. We're beginning to see some results, although we have a long way to go. New visits to the 21 centers which I mentioned are running at a pace that will average about 105,000 a year.

Senator CLARK. What do you mean by new visits? Somebody looking for a job?

Mr. LINDSAY. Yes. That average—of about 105,000 a year across the City—is based on the past 3-month experience. These centers are located in the communities and are staffed, in part, from the communities. We think they constitute a very effective recruitment system.

Senator **Clark**. Are these tied in to the poverty program and the community action program——

Mr. **Lindsay**. In some cases, yes, they are.

Senator **Clark** (continuing). And the Neighborhood Services Center?

There's a real can of worms on administration, isn't it?

Mr. **Lindsay**. Very difficult. But if Federal funds were provided as an incentive for localities to develop these comprehensive manpower recruitment and service agencies, which are called for by the Commission report, it would be most helpful.

Senator **Clark**. Now, wouldn't the best way to do that be to fund more adequately the Federal-State employment service and direct them to move into and cooperate with and perhaps to partially fund these State agencies? I'm allergic to creating a new set of agencies.

Mr. **Lindsay**. I am, too.

The President's Commission found that it may be helpful now to create a federally chartered corporation to serve as the Federal Government's primary instrument for job development in the private sector. Perhaps the corporation could have municipal counterparts, to replace the multiplicity of job placement agencies now competing with one another for job commitment by private employers.

Senator **Clark**. Well, again, what bothers me there is that we're superimposing a new Federal corporation on agencies which are already supposed to do the job which perhaps in many instances, are not doing it.

Mr. **Lindsay**. The language of the Commission's report is very careful on this. It said that a federally chartered corporation may be helpful and, as I said, its chief value is a flexible tool by which you may be able to pull in the private sector.

Senator **Clark**. Well, I suppose this would be a nonprofit corporation, wouldn't it?

Mr. **Lindsay**. Absolutely.

Senator **Javits**. Mr. Chairman, may I just ask a question, because the time is going fast and the mayor will need to get away. Isn't it a fact that the President is thinking of planning to organize a corporation himself by incorporating the activities of the National Alliance of Businessmen?

Mr. **Lindsay**. We don't know the answer to that, Senator Javits. There have been conflicting reports as to exactly what the White House may have in mind in this regard. And I could not say that is a fact, at this moment.

Senator **Javits**. We understand that the alliance is already so organized.

Mr. **Lindsay**. Yes.

Senator **Javits**. The second thing I'd like to ask you is this: Isn't it a fact that you have found with your own municipal corporation and the activities that you've engaged in there, that the corporate form gives celerity of action; better cooperation; the ability to get over the tremendous multiplicity of rules, regulations, and the essential bureaucratic leadenness of most of the established Government agencies.

Mr. **Lindsay**. We have used the corporate form in several ways as a useful instrument, and——

Senator **Clark**. With all deference to Senator Javits I think that depends almost entirely on how the corporation is set up. There's nothing sacred about that artificial legal entity called a corporation. It can fall into just as bad habits of administration and bureaucracy as a Federal agency can.

Mr. LINDSAY. May I say that in New York City the local urban coalition has been working hard and, I believe, is gradually, increasingly pulling together private sector thinking, energy, and effort in the area of manpower. It has a full-time, paid staff now and is spreading its wings. It received great encouragement, I think, by the strengthening of the national urban coalition, of which former HEW Secretary John Gardner took charge.

Senator CLARK. Now, do you agree with me—I suspect my colleagues do also—that the formation of the urban coalition is one of the most helpful things that we've had in this area in the last several years? It has spread to a number of local communities which is highly desirable. The urban coalition people should be encouraged and utilized to the maximum extent possible in this job-finding field.

Mr. LINDSAY. Yes, sir; I do.

What I was about to say is that the urban coalition has been examining and working on the subject of a job development corporation for New York. This would be a comprehensive private sector umbrella, and the urban coalition——

Senator CLARK. With money—with private money.

Mr. LINDSAY (continuing). Would be the chief funding agency for it.

Senator CLARK. So, therefore, the arm of the Federal Government would not reach to it.

Mr. LINDSAY. A corporation of this kind can, however, be flexible enough to receive Federal support.

Senator JAVITS. Correct. I think the committee is well aware of my efforts in connection with a corporation—an economic opportunity corporation—national as well as at the local level. I'd like to ask you one other question, Mr. Mayor, and that is whether small business—the development of minority entrepreneurship in small business, is included in your concept of the need.

In fact, our figures show that with about a million Negroes in New York, the number of Negro owned and managed firms which employ more than 10 people is only about a dozen. Would you include, therefore——

Mr. LINDSAY. Yes.

The urban coalition in New York, working with the city's administrators, at this moment have a task force on this subject, and if they move forward in the area of the corporation, along with every other device that will emerge in the next weeks and months on this subject, the small business aspect will be given high priority. You may wish to turn to page 424 of the Commission's report for what the Commission said on that subject.

Senator JAVITS. Well, Mr. Chairman, I ask unanimous concent that the charters—whatever is the basic charters of the Urban Coalition and of the National Alliance of Businessmen, the latter being incorporated in the District of Columbia—and the exerpt from the Commission's report be made a part of the record.

Senator CLARK. With no objection it will be done.

(The documents referred to follow:)

ARTICLES OF INCORPORATION OF THE URBAN COALITION

We, the undersigned, desiring to associate ourselves as a Corporation for the purposes hereafter stated, pursuant to the provisions of Title 29, Chapter 10, of the District of Columbia Code, 1967 Edition, known as the District of Columbia Nonprofit Corporation Act, do hereby certify as follows:

1. The name of the Corporation is THE URBAN COALITION, hereafter referred to as "the Corporation."

2. The Corporation is to have perpetual existence.

3. The purposes for which the Corporation is organized are as follows:

To operate exclusively for charitable, educational and scientific purposes, including improvement of the condition of the poor, the distressed and underprivileged; reduction in neighborhood tensions, community deterioration and juvenile delinquency; elimination of prejudice and discrimination; and defense of human and civil rights secured by law;

To analyze, on a nonpartisan basis, causes and symptoms of the national crisis of the cities, and to consider proposed solutions;

To advance and disseminate knowledge concerning the moral, social, economic and physical problems facing the cities of the United States;

To alert the public to the urgency of urban problems and the need for a long-range commitment by the whole of American society to physical, social and economic rebuilding of the cities; and

To join together leaders of all segments of society which share a stake in the welfare of American cities, including private business, labor, religion, civil rights and minority groups, mayors, and other interested persons, to mobilize their combined resources to solve the problems of the cities.

4. The Corporation shall have no members, and shall issue no capital stock.

5. The Corporation may exercise all power or authority granted to it under the District of Columbia Nonprofit Corporation Act or otherwise, including, but not limited to, the power to accept donations of money or property, whether real or personal, or any interest therein, wherever situated.

6. The affairs of the Corporation shall be managed by a Board of Directors, hereafter referred to for all purposes as "the Steering Committee." Qualifications for membership on the Steering Committee shall be prescribed in the By-Laws. The number of members of the Steering Committee shall be fixed by the By-Laws, but in no event shall be less than three, and may be increased from time to time as provided in the By-Laws. Each member of the Steering Committee shall be elected or appointed in the manner and for the term provided in the By-Laws, and shall hold office for the term for which he is elected or appointed and until his successor is elected or appointed and qualified. The Steering Committee may, by resolution adopted by a majority of the Steering Committee members in office, designate and appoint an Executive Committee, consisting of two or more members of the Steering Committee. To the extent provided in such resolution, any such Executive Committee may have and exercise the authority of the Steering Committee in the management of the Corporation.

7. At all times, and notwithstanding merger, consolidation, reorganization, termination, dissolution, or winding up of this Corporation, voluntary or involuntary or by operation of law, or any other provisions hereof:

A. This Corporation shall not possess or exercise any power or authority either expressly, by interpretation, or by operation of law that will or might prevent it at any time from qualifying, and continuing to qualify, as a corporation under the Revenue Code of 1954 (hereafter referred to as "the Code"), contributions to which are deductible for Federal income tax purposes; nor shall it engage directly or indirectly in any activity which might cause the loss of such qualification.

B. No part of the assets or net earnings of this Corporation shall ever be used, nor shall this Corporation ever be organized or operated, for purposes that are not exclusively charitable, scientific, or educational within the meaning of Section 501(c)(3) of the Code.

C. This Corporation shall never be operated for the primary purpose of carrying on a trade or business for profit.

D. No substantial part of the activities of this Corporation shall consist of carrying on propaganda or otherwise attempting to influence legislation; nor shall it participate or intervene in any manner, or to any extent, in any political campaign on behalf of any candidate for public office, whether by publishing or distributing statements, or otherwise.

E. At no time shall this Corporation engage in any activities which are unlawful under the laws of the United States of America, the District of Columbia, or any other jurisdiction where its activities are carried on; nor shall it engage in any transaction defined at the time as "prohibited" under Section 503 of the Code.

F. No compensation, loan or other payment shall be paid or made to any officer, Steering Committee member, Executive Committee member, creator, or organizer of this Corporation, or substantial contributor to it, except as reasonable compensation for services rendered and/or as a reasonable allowance for authorized expenditures incurred on behalf of Corporation; and no part of the assets or net earnings, current or accumulated, of this Corporation shall ever be distributed to or divided among any such person, or inure, be used for, accrue to or benefit any such person or private individual (pursuant to the prohibition contained in Section 501(c)(3) of the Code).

G. No solicitation of contributions to this Corporation shall be made, and no gift, bequest or devise to this Corporation shall be accepted, upon any condition or limitation which, in the opinion of the Corporation, may cause the Corporation to lose its Federal income tax exemption.

8. Upon the termination, dissolution or winding up of this Corporation in any manner or for any reason, its assets, if any, remaining after payment (or provision for payment) of all liabilities of the Corporation, shall be distributed to, and only to, one or more organizations described in Section 501(c)(3) of the Code.

9. Any references herein to any provision of the Internal Revenue Code of 1954 shall be deemed to mean such provision as now or hereafter existing, amended, supplemented, or superseded, as the case may be.

10. The private property of the officers, Steering Committee members or Executive Committee members of the Corporation shall not be subject to payment of Corporate debts to any extent whatever.

11. The Corporation's initial registered agent and the address of its initial registered office are as follows:

William P. Rogers, Esq.
1229 19th Street, N.W.
Washington, D.C. 20036

12. The number of members of the initial Steering Committee of the Corporation shall be three. The names and addresses of the members of the initial Steering Committee are as follows:

John W. Gardner
1815 H. Street, N.W.
Washington, D.C. 20006

Andrew Heiskell
Time, Inc.
Rockefeller Center
New York, N.Y. 10020

J. Irwin Miller
Chairman
Cummins Engine Company
Columbus, Indiana

13. The name and address of each incorporator is as follows:

Carolyn E. Agger
1229–19th St., N.W.
Washington, D.C. 20036

James F. Fitzpatrick
1229–19th St., N.W.
Washington, D.C. 20036

Richard L. Bacon
1229–19th St., N.W.
Washington, D.C. 20036

14. In witness whereof, we have signed and acknowledged these Articles of Incorporation this 8th day of April, 1968.

CAROLYN E. AGGER.
JAMES F. FITZPATRICK.
RICHARD L. BACON.

ARTICLES OF INCORPORATION OF NATIONAL ALLIANCE OF BUSINESSMEN, INC.

To: The Recorder of Deeds, D.C.
Washington, D.C.

We, the undersigned natural persons of the age of twenty-one years or more, acting as incorporators of a corporation, adopt the following Articles of Incorporation for such corporation pursuant to the District of Columbia Non-profit Corporation Act:

First: The name of the corporation is National Alliance of Businessmen, Inc.

Second: The period of duration is perpetual.

Third: The purposes for which the corporation is organized shall be to promote the public welfare as follows:

1. To encourage private business firms to make available, on as expedited a basis as possible, training programs and employment opportunities designed to provide employment for individuals constituting the so-called "hard-core" unemployed, including those who have previously been chronically unemployed or only intermittently employed.
2. To implement the foregoing program both in order to provide permanent employment to such individuals and to provide employment to younger members of the disadvantaged segment of the national population, for the purpose of assisting such persons to develop their educational and employment potentialities to the maximum practicable extent.
3. To advise representatives of the United States Government, and particularly the Secretary of Labor, the Secretary of Commerce, and their representatives, concerning the most efficient procedures for providing training and employment opportunities for such individuals.
4. To undertake such other related programs as may be necessary and desirable, in order to promote the public welfare in this and related areas.

In furtherance of the foregoing purposes, the corporation shall encourage private business firms throughout the nation to participate in the program herein described by providing training programs and employment opportunities to such individuals. The corporation shall also work jointly with representatives of the United States Government, and with existing and prospective Governmental programs, to provide such training and employment opportunities for the hard-core unemployed and disadvantaged youths

To assist it in conducting its activities in furtherance of the foregoing purposes, the corporation shall possess all of the powers necessary, proper or incident thereto, including, without limitation, those powers provided in the District of Columbia Non-profit Corporation Act. The corporation shall have the power to enter into contracts for this purpose with the United States Government. The corporation shall also have the power to accept contributions in furtherance of the corporate purposes enumerated above.

The corporation shall be organized and operated exclusively for charitable, educational and related purposes. It shall have no authority to issue capital stock. It is not organized and shall not be conducted for profit. No part of the net earnings or of any other funds of the corporation shall inure to the benefit of any incorporator, member, director, officer or other individual having a personal or private interest in the activities of the corporation; provided, that this provision shall not preclude reasonable compensation to any such individual for services actually rendered to the corporation. No part of the activities of the corporation shall consist in attempting to influence legislation by propaganda or otherwise, or participating directly or indirectly in, or intervening in, any political campaign on behalf of or in opposition to any candidate for public office.

Fourth: The corporation shall have members.

Fifth: The membership of the corporation shall consist of a single class. The designation of such class, the manner of election or appointment and the qualifications and rights thereof shall be as provided in the bylaws.

Sixth: The affairs of the corporation shall be managed by a board of directors. The number of directors, which shall not be less than three, and their qualifications and manner of election shall be as provided in the bylaws.

Seventh: In the event of dissolution of the corporation, no dividends or other distribution of any of the property or assets thereof remaining after the winding up of its affairs shall be made to any incorporator, member, director or officer thereof, but all such remaining property and assets shall in such event be paid over to such successor corporation as may be designated by the members in accordance with the bylaws at the time of dissolution to assume any or all of t functions and purposes of the corporation or if no such successor corporation is so designated, all such remaining property and assets shall be distributed to the United States Government to be used in furtherance of the general purposes for which the corporation is organized.

Eighth: The address, including street and number, of its initial registered office is Suite 1101, 815 Connecticut Avenue, N.W., Washington, D.C., 20006, and the name of its initial registered agent at such address is Alexander B. Hawes.

Ninth: The number of directors constituting the initial board of directors is fifteen. The names and address, including street and number, of the persons who are to serve as the initial directors until the first annual meeting or until their successors be elected and qualified are:

NAME	ADDRESS
Henry Ford II	Chairman, Ford Motor Company The American Road Detroit, Michigan 48121
J. Paul Austin	President, The Coca-Cola Company P. O. Drawer 1734 Atlanta, Georgia 30301
Leo C. Beebe	Vice President, Ford of Canada, Ltd. c/o 815 Connecticut Avenue, N.W. Washington, D.C. 20006
James W. Cook	President, Illinois Bell Telephone Company 225 W. Randolph Street Chicago, Illinois 60616
Harold S. Geneen	Chairman of the Board, International Telephone & Telegraph Company 320 Park Avenue New York, New York 10022
Walter A. Haas, Jr.	President, Levi Strauss & Co. 98 Battery Street San Francisco, California 94111
John D. Harper	President, Chief Executive Officer and Chairman of Executive Committee, Aluminum Company of America 1501 Alcoa Building Pittsburgh, Pennsylvania 15219
James S. McDonnell	Chairman of the Board, McDonnell Douglas Corporation Lambert-St. Louis Municipal Airport Box 516 St. Louis, Missouri 63166
George W. Miller	President, Textron Inc. 10 Dorrance Street Providence, Rhode Island 02903
Charles F. Myers, Jr.	President, Burlington Industries, Inc. 301 North Engene Street Greensboro, North Carolina 27401
A. L. Nickerson	Chairman, Mobil Oil Corporation 150 E. 42nd Street New York, New York 10017
Quentin Reynolds	President, Safeway Stores, Inc. P. O. Box 660 Oakland, California 94604
John H. Sengstacke	President and General Manager, Robert S. Abbott Publishing Co. 2400 S. Michigan Avenue Chicago, Illinois 60616
Clyde Skeen	President, Ling-Temco-Vought, Inc. P.O. Box 5003 Dallas, Texas 75222
Roger P. Sonnabend	President, Hotel Corporation of America 390 Commonwealth Avenue Boston, Massachusetts 02215

Tenth: The name and address, including street and number, of each incorporator is:

NAME	ADDRESS
Marx Leva	7115 Bradley Boulevard Bethesda, Maryland
Craig Mathews	5702 Kirkside Drive Chevy Chase, Maryland
Markham Ball	7223 Stafford Road Alexandria, Virginia

Dated: February 8, 1968

DISTRICT OF COLUMBIA } *ss.*
City of Washington }

I, Helen Faust, a Notary Public, hereby certify that on the 8th day of February, 1968, personally appeared before me Marx Leva, Craig Mathews, and Markham Ball, who signed the foregoing document as incorporators, and that the statements therein contained are true.

HELEN FAUST,
Notary Public.

My Commission Expires May 14, 1971.

[Excerpt From Report of the National Advisory Commission on Civil Disorders]

ENCOURAGING BUSINESS OWNERSHIP IN THE GHETTO

We believe it is important to give special encouragement to Negro ownership of business in ghetto areas. The disadvantaged need help in obtaining managerial experience and in creating for themselves a stake in the economic community. The advantages of Negro entrepreneurship also include self-employment and jobs for others.

Existing Small Business Administration equity and operating loan programs, under which almost 3,500 loans were made during fiscal year 1967, should be substantially expanded in amount, extended to higher risk ventures, and promoted widely through offices in the ghetto. Loans under Small Business Administration guarantees, which are now authorized, should be actively encouraged among local lending institutions.

Counseling and managerial assistance should also be provided. The new Department of Commerce program under which Negro small businessmen are assisted in creating associations for pooling purchasing power and sharing experience, should be expanded and consolidated with the Small Business Administration loan program. The Interracial Council for Business Opportunity and other private efforts to provide counseling by successful businessmen outside the ghetto should be supported and enlarged.

Mr. LINDSAY. Before leaving the subject of a municipal corporation, it is well to point out that a municipal corporation would give employers a form of clearinghouse for personnel recruitment. The business community would play a major role in the corporation and thus job-seekers would stand a better chance of securing meaningful employment. With job development under the guidance of men from the private sector, familiar with the needs of the private sector, potential workers could be drawn closer to potential employers.

A municipal job development corporation could—

Develop a technically skilled staff to work systematically with trade group companies and labor unions to enable them to revise entry requirements, restructure job lines, and create new ladders.

Arrange for the necessary supportive services and prevocational training which employers were unable to provide directly.

Enter into contracts with employers to provide them with the extra costs of training the hard-core unemployed.

Serve as a job-bank, listing all job opportunities for a given area, and with access to the resources of other comparable corporations.

I recommend that the legislation be amended so as to provide funds for the organization and the operation of such locally based job development corporations.

Senator **Clark**. Mr. Mayor, I'm not too sure that I agree with you on that. I'll tell you the reason I'm skeptical. I'm not adverse to it, but I'm skeptical.

I don't think there's any magic in the corporate form of organization. It's played a terrific part in the development of our country. As a matter of fact, I made my living largely as being an attorney for corporations for a good many years, but there's no magic in the corporation.

I think our real problem is a lack of skilled administrative manpower, and I don't care whether it's a partnership, an individual proprietorship, or Government bureaucracy. I think the guts of the thing is not whether you've got a board of directors and a set of by-laws. The important thing is where are you going to get the people to do a job?

Would you care to comment on that?

Mr. **Lindsay**. I certainly agree with you that the key to this is skilled, full-time manpower that can put this machinery together. But, nevertheless, it is highly useful to have a device, a structure, a mechanism—particularly in the large cities—to which the private sector, corporations, can turn for guidance.

Senator **Clark**. Who do they turn to; they turn to a flesh and blood human individual with pants and a coat and a shirt. They don't turn to a set of bylaws.

Mr. **Lindsay**. Well, the urban coalition in New York City——

Senator **Clark**. I've got a corporation.

Mr. **Lindsay** (continuing). Could in itself provide this service perhaps, but it may find it more useful to spin off a section of it to the corporate device.

Senator **Clark**. It may well be true.

Mr. **Lindsay**. The coalition itself is now being funded. Mr. Saul Wallen, whom you probably know, is acquainted with manpower and labor problems and has left his law practice to take on the full-time job of serving the urban coalition, staffing up with manpower experts, including persons from the neighborhoods.

Senator **Clark**. You would agree though——

Mr. **Lindsay**. If they find that they should spin off a section of this for unity reasons, it may be a wise thing to do. And, incidentally, in New York City the urban coalition is now a corporation; it is incorporated.

Senator **Clark**. Now, you would agree, would you not, that as mayor, one of your most difficult problems is to acquire skilled manpower in many different areas.

Mr. **Lindsay**. Yes, sir.

Senator **Clark**. You'll also agree that as mayor your problems of administrative organization are difficult indeed in view of the complexity of the framework of government that you inherited.

Mr. **Lindsay**. Yes, sir.

Senator CLARK. You would agree also that your third major problem is that you haven't got enough money.

Mr. LINDSAY. Yes, sir.

Senator CLARK. I think those are the three problems we ought to look at.

Mr. LINDSAY. Correct.

Senator JAVITS. Now, Mr. Mayor, if I may Mr. Chairman, isn't it a fact that in your own searches for personnel, you have found that it is easier to get high-level personnel to enter into the nongovernmental field of pubic service than to enter into the governmental field, in terms of motivation, and in terms of the flexibility with which they can be employed?

Mr. LINDSAY. Precisely true. Top-level recruitment in the city itself is difficult. As you know, I've gone around the country to see if I could attract the best, such as Budget Director Fred Hayes from the U.S. Bureau of the Budget, OEO, and Federal Housing. Men of this caliber are very difficult to find, and there's great competition for their services.

Now, secondly, we've been reorganizing the whole charter of New York City to restructure the government. Instead of having 50 or 60 departments or agencies, we have restructured it now into 10 administrations modeled after the Federal Cabinet, more or less. This is designed to give us the tools so that we can introduce modern systems, particularly in the area of the use of the budget and program planning.

Finally, we have also come to the conclusion that no matter how fast and hard we move on the inside to restructure the government, that will not be enough. Therefore we are now grouping around the municipal government the kind of outside agencies that Senator Javits is talking about.

The most recent is the Rand Corp., which is now establishing a base in New York in order to attach its electrodes to four of these 10 big administrations.

Senator CLARK. Rand Corporation?

Mr. LINDSAY. Yes, sir. Of California.

Senator CLARK. You've got to move into a military program?

Mr. LINDSAY. They are going to assist the four institutions of government on a full-time basis, by contract.

Senator CLARK. I hope you got the permission of the Pentagon before you hired him.

Mr. LINDSAY. To meet the problems of the cities requires, in effect, a quasi-military effort.

Senator CLARK. I just hope you got the permission of the Pentagon before you hired him.

Mr. LINDSAY. Well, if Rand can produce for us the same kind of cost effectiveness that they produced for the Air Force, in our police and fire departments——

Senator CLARK. Sure.

Mr. LINDSAY. (continuing). It will be very valuable.

Senator CLARK. I agree with you.

Mr. LINDSAY. Rand is also going to apply its services with, in effect, a full-time staff in New York, but not paid for by the city of New York directly. It will be funded by the city government by contract, and I hope funded by some foundation assistance also. But it will give the flexibility to this talent, which Rand either has now or is recruiting, to go into municipal service without getting all tangled up as an employee of the system.

There are several other Rand-type organizations that are now working with us on a full-time basis on other aspects—recreation and parks, for example—where we find that this kind of science is needed if we're going to make municipal government modern.

UNDEREMPLOYMENTS

Now, let me turn for just a moment to underemployment. And I very much wish to stress this subject today. If I can return for just a moment to the Presidential Commission's report, one of the most significant findings was the negative impact that low-status and low-paying jobs have had on the lives of many Negroes. Negroes are concentrated in the lowest end of the occupational scale, in jobs usually characterized by poor wages, heavy work, low esteem, and little opportunity for advancement.

The percentage of Negroes in two of the lowest paying job categories, clericals and unskilled workers, is almost three times the percentage of whites employed in each of these areas. At the other end of the spectrum, the percentage of whites in the highest job levels, as managers and professionals, is three times the percentage of Negroes so employed.

In the words of the Commission report: "This concentration of Negroes in the lowest paying, lowest skilled positions, is the single most important source of poverty among Negroes. It is even more important than unemployment."

In support of this argument, the Commission provided the following hypothetical calculation: if the percentage of Negroes unemployed was reduced to that of white unemployed, 3.3 percent, the income gain for nonwhites would total about $1.5 billion a year. However, if the nonwhite men currently employed were upgraded so that they had the same occupational distribution and incomes as all men in the labor force considered together, it would produce about $4.8 billion in additional earnings for the Negro community.

Senator **Clark.** Which in turn would result in an income tax take by the Federal Government sufficient to substantially aid in the financing of the program, would it not?

Mr. **Lindsay.** A big impact.

I urge the subcommittee to consider programs that deal with the problem of underemployment. I suggest that this legislation be amended to provide Federal support for the occupational advancement of those currently in low-level positions, as well as for the creation of new jobs.

A job advancement program will be difficult to write. It will require sophisticated, innovative mechanisms to deal with such factors as discrimination in promotion policies. Because of the complexity of the task involved, employers, both public and private, should be brought into the legislative process to render advice and give guidance. They might consider, with this subcommittee, such policies as:

Federal subsidies for training workers on the job for higher positions: training supervisors to help subordinates move up; and provision of funds to hire counselors to advise employees on the most effective ways of advancing their careers.

Senator **Clark**. Let me say that that whole problem is under consideration by the subcommittee in connection with the hearings we're now holding and the markup we're doing with the Equal Employment Opportunity Act where this whole question of discrimination in promotion is one of the most difficult things we find. I think you would probably agree that the testing process is pretty important in this regard and has been used sometimes consciously, more often subconscienciously, to deny promotional opportunity to these low-level people.

Mr. **Lindsay**. I would agree with that. I might say it exists in the private sector and in the public sector perniciously.

Senator **Clark**. Governor Kerner mentioned it in connection with the State police force.

Mr. **Lindsay**. The civil service requirements that we all live under now have made it very, very difficult to have the kind of flexibility that you need.

Senator **Clark**. Well, one of the things I was most proud of, if I may blow my own horn for 30 seconds, when I was mayor, is that I did get relaxation of civil service requirements to enable us to employ an enormous number of Negroes in the city of Philadelphia. Of course, this was during a period when the salaries were so low that we couldn't get the qualified whites we wanted. But it's created a revolution in the city civil service.

Senator **Javits**. I'd like to say to the Chairman that I kind of suspect he's having a busman's holiday.

Senator **Clark**. I am indeed. The mayor and I find ourselves in accord on practically everything. I only wish he were a Democrat.

Senator **Javits**. I'm glad he's where he is.

Mr. **Lindsay**. I assume you had to get State legislation to do that though, did you not?

Senator **Clark**. No, we were able to do it through administrative regulations in the Civil Service Commission. We had a home rule charter.

Mr. **Lindsay**. We've now come to the position where we've gone almost as far as we can by ourselves with civil service requirements, so we have to try to get State legislation.

Senator **Clark**. I never had the trouble with my Governor, who was a Republican, that you've had with your Governor who is a Republican.

Mr. **Lindsay**. Well, I'll have to tell you that the problem does not lie in that direction at all. The problem lies in the pressures of the lobbying groups, the municipal unions that have been very successful in shooting down proposed legislation to give us the kind of flexibility that we need.

Senator **Clark**. Perhaps you're right about that, and perhaps the primary problem is the legislature itself.

Mr. **Lindsay**. The Commission report, on pages 416 and 419 of the Bantam Edition, refers very clearly to this problem of discrimination and qualifications for employment and promotion in government and business, the prejudicial effect that it has, and the need for action in this area. The subcommittee might wish to incorporate these few paragraphs in the record.

Senator **Clark**. Without objection that will be done at this point in the record, if Mr. Kurzman will point out the part he'd like incorporated.

(The document referred to follows:)

[Excerpt from report of the National Advisory Commission on Civil Disorders]

ARTIFICIAL BARRIERS TO EMPLOYMENT AND PROMOTION MUST BE REMOVED BY BOTH PUBLIC AGENCIES AND PRIVATE EMPLOYERS

Racial discrimination and unrealistic and unnecessarily high minimum qualifications for employment or promotion often have the same prejudicial effect. Government and business must consider for each type of job whether a criminal record should be a bar, and whether a high school diploma is an inflexible prerequisite. During World War II, industry successfully employed large numbers of the previously unemployed and disadvantaged by lowering standards and by restructuring work patterns so that the job fit the level of available skills. We believe that too often government, business, and labor unions fail to take into account innate intelligence and aptitudes which are not measurable.

Present recruitment procedures should be reexamined. Testing procedures should be revalidated or replaced by work sample or actual job tryouts. Applicants who are rejected for immediate training or employment should be evaluated and counseled by company personnel officers and referred to either company or public remedial programs. These procedures have already been initiated in the steel and telephone industries.

OPENING THE EXISTING JOB STRUCTURE

Arbitrary barriers to employment and promotion must be eliminated.

Federal, state, and local efforts to insure equal opportunity in employment should be strengthened by:

(*a*) Including Federal, state, and local governmental agencies as employers covered by Title VII of the 1964 Civil Rights Act, the Federal antidiscrimination-in-employment law, which now covers other employers of 50 or more employees (and as of July 1968, will cover employers of 25 or more employees), labor unions, and employment agencies.

(*b*) Granting to the Equal Employment Opportunity Commission, the Federal enforcement agency under Title VII, cease and desist power comparable to the enforcement power now held by other Federal agencies administering regulatory national policies.

(*c*) Increasing technical and other assistance now provided through the Equal Employment Opportunity Commission to state and local antidiscrimination commissions under the provisions of Title VII.

(*d*) Undertaking, through the Equal Employment Opportunity Commission, an industry and areawide enforcement effort based not only upon individual complaints but upon employer and union reports showing broad patterns of discrimination in employment and promotion.

(*e*) Linking enforcement efforts with training and other aids to employers and unions, so that affirmative action to hire and promote may be encouraged in connection with investigation of both individual complaints and charges of broad patterns of discrimination.

(*f*) Substantially increasing the staff and other resources of the Equal Employment Opportunity Commission to enable it to perform effectively these additional functions.

Equal opportunity for employment by Federal contractors under Executive Order 11246 should be enforced more vigorously against both employers and unions. This is particularly critical in regard to Federal construction contracts. Staff and other resources of the Office of Contract Compliance in the Department of Labor should be increased so that withholding Federal contracts is made a meaningful sanction.

The efforts of the Department of Labor to obtain commitments from unions to encourage Negro membership in apprenticeship programs are especially noteworthy and should be intensified.

Title VI of the 1964 Civil Rights Act, which provides for withholding Federal grant-in-aid funds from activities which discriminate on grounds of color or race, should be supported fully, particularly in regard to recruitment for federally assisted job training in hospitals, universities, colleges, and schools. The staff and other resources of the Department of Health, Education and Welfare, which has primary jurisdiction over these functions, should be expanded for this purpose.

The Federal Government, through the Civil Service Commission and other agencies, should undertake programs of recruitment, hiring, and on-the-job training of the disadvantaged and should reexamine and revalidate its minimum employment and promotion standards. In this regard the Federal Government should become a model for State and local government and the private business community. To enlist the full cooperation of Federal agencies, they should be reimbursed by internal allowances for the extra costs of training disadvantaged employees.

CONCLUSION

Mr. **Lindsay**. Eight months ago, the President appointed a commission to probe beneath the fire and anger of Detroit, and Newark, and 50 other cities. This Commission found no easy answers. We found no simple way to end the spiral of urban and human decay that has erupted in civil disorder. We gave no easy, or glib prescription to the Nation.

We defined the problem and, like others before us, we proposed a program, but most important, we called for action—"compassionate, massive and sustained";

We called for action on an "unprecedented scale";

We called for action without delay to meet a problem of the gravest national urgency.

There are some who say that the time is wrong, that the money is needed elsewhere, and that the program is too large.

Senator **Clark**. Let me interrupt you there in what is a very eloquent conclusion in which I completely concur. How are we going to pay for these programs? And if you don't want to answer, feel free——

Mr. **Lindsay**. I'm delighted to try to answer it.

The Commission report is very clear that the country still has a choice. One choice is to continue as we are at the present, and the Commission concludes that this course has ominous implications. Another choice is to put at no lower priority than anything else, the needs of these parts of the country that have suffered civil disorders in the summer of 1967.

Senator **Clark**. I'm going to put it to you that there are three choices, and see if you agree. These are my words, not yours.

We can go on the way we are funding these programs inadequately, giving the highest priority to our skilled manpower elsewhere or we can have a massive increase in taxation, or we can cut the military budget. I don't think we have any other alternatives, but I think we do have these three.

Would you comment on that?

Mr. **Lindsay**. I would. When I suggested a necessary reallocation of priorities, I included each of those, and I don't see how else it's possible.

The Commission report does not mention specifically NATO, Vietnam, underdeveloped countries, commitments to various alliances, trips to the moon, supersonic aircraft. It simply says as follows:

> The share of the Nation's resources now allocated to programs for the disadvantaged is insufficient to arrest the deterioration of life in central city ghettoes.

It goes on to say there can be no higher priority for the Nation and it calls upon the Nation to take action in this regard. So I think that what the Commission was doing was setting the goal.

Senator CLARK. I think what you did say had sufficient implications, so you did not need to state it expressly.

Mr. LINDSAY. I believe so.

Now, if I could just conclude with this same thought.

There are some who say that the time is wrong, that the money is needed elsewhere, and that the program is too large. But we had hoped—and I think I can speak for the whole Commission—that our program would end that debate; we had hoped that the choice we defined for the Nation had left only one alternative; and we had hoped that the response would be decisive and significant, not halting and halfhearted.

Senator CLARK. But that hasn't happened, has it?

Mr. LINDSAY. Not as yet, but if men who understand the depth of this problem and the necessity to make this choice will speak and bring in others to commit themselves to action, as Senator Harris said, I am then optimistic that the American people will rise to the challenge.

The legislation before this subcommittee today presents the Congress and the Nation with the opportunity to reverse present trends which the Commission found had "the most ominous consequences for our society." With this legislation we can take an essential step toward an affirmative resolution of this national dilemma, an essential step to restore dignity to all citizens, peace to our cities, and unity to our Nation.

I urge the committee to take that step and to lead the Nation. In the words of the Commission: "There can be no higher priority for national action and no higher claim on the Nation's conscience."

Senator CLARK. Thank you very much, Mr. Mayor, for an eloquent, persuasive, and logical statement.

Senator Prouty.

Senator PROUTY. Mr. Mayor, I wish to commend you most highly for your work as a member of the Commission and also for the statement which you presented this morning. It's been thought-provoking and most helpful.

I have just one question. In your statement you indicate that at the time of the riots in Detroit the unemployment rate for whites was 2.7 percent and 9.6 percent for Negroes. Now I think it was indicated last year that while the unemployment rate for Negroes born and raised in northern cities was higher than that for whites, it was nowhere as disproportionate as such a comparison of raw figures based soley on race.

Isn't that due in part to the fact that so many uneducated and untrained Negroes have moved to the urban areas from rural areas in the South?

Mr. LINDSAY. Yes, in part. The Commission found from its studies and data that migration from South to North—first to the East and then to the Midwest and the West—has had a major impact since World War II and that the conditions in the cities are partly attributable to the sudden impact of this migration. The Commission also found, however, that projections for the future indicate birth rates will outstrip migration as a cause of population density. If you compare migration to increases in Negro population through the birth rate, from now on the biggest pressure will come from the birth rate.

Senator Clark. And, therefore, you would agree that a really major program of voluntary population control is essential?

Mr. Lindsay. Birth control is absolutely essential, and our city is heavily involved in family planning and birth control.

Senator Clark. So far you're not too encouraged with the results are you?

Mr. Lindsay. Increasingly we are encouraged. The most recent reports that I've received are quite encouraging, and we're very pleased about it.

Senator Prouty. Mr. Mayor, thinking in terms of the past migration to the cities, how much of that has been inspired by higher welfare payments in some of the largest States in the North?

Mr. Lindsay. Here again, the Commission found that there is very little evidence, if any, that Negroes migrated from South to North because they were attracted by the possibility of higher welfare benefits. The finding of the Commission was very clear that the basic reason for migration was hope for a better job and a better life.

Senator Clark. Do those conclusions reaffirm your own observations?

Mr. Lindsay. Yes, they do. Our studies confirmed my personal chats with mothers on welfare in the most disadvantaged parts of our city such as Brownsville, where there was seldom a male breadwinner in the household, and where I ran into those who had migrated from Mississippi or other Southern States to New York. I believed them when they told me that their reason for migrating was simply to get work and a better life.

The welfare problem was incidental to that. The Commission's findings is that was is needed, of course, is a greater uniformity of welfare assistance in the country. If the levels of subsistence and maintenance can be increased in the South, it will have the general effect of easing the pressure that exists there for the poor to move North in the hope that they'll have a better life—not necessarily for welfare benefits.

Senator Clark. There's no hope in the foreseeable future, in my opinion, that it will be done, and there's at least a sub rosa effort in some areas of the South to encourage the Negroes to move North. This is one of the sad things——

Mr. Lindsay. It is a sad thing and the Commission report recommends that there be action to improve the economic development of the rural poverty areas.

In the Bantam edition, that is on page 423, there is a section on Developing Urban and Rural Poverty areas. This section includes, incidentally, the recommendation that the tax credit device be used to locate and to renovate plants and other business facilities in rural areas.

Senator Clark. Urban and rural areas.

Mr. Lindsay. Yes, urban and rural, and recommends the tax credit for land, and for plant, as well as for equipment.

Senator Prouty. Well, if effective programs can be developed in rural areas that certainly is going to help ease the pressure on the disparate metropolitan.

Mr. **Lindsay**. Yes.

Senator **Clark**. But you've always got that problem of piracy where a plant is stolen from an area where it is now and goes South or somewhere else. Then you get an enormous kickback from the area the business left—that the receiving State or locality is giving tax incentives. The area that lost the business is not permitted to give tax incentives under the State constitution.

Mr. **Lindsay**. In the Bantam Edition of the report you will find, on page 239, interesting data on the migration problem. All the figures are contained there, and they merit very close inspection, They give the migration rate and indicate clearly that the great migration really began after World War II.

Senator **Clark**. Yes, Governor Kerner felt that as far as Illinois was concerned, it was tapering off.

Mr. **Lindsay**. It's hard to get accurate data on that at the moment; very difficult indeed. But we also feel in New York that it's tapering some.

Senator **Clark**. If you—if you will note the figures at the top of page 240, there is some evidence of it tapering off although the last figure I note is only for 7 years and not for 6 years or 10.

The rate's down to 102,000 now compared to 159,000 from 1940 to 1950, and 145,000 from 1950 to 1960. That's the table at the top of 240.

Mr. **Lindsay**. Yes.

Senator **Clark**. Well, thank you very much, Mr. Mayor.

We're gratified that you were willing to come. You've certainly been an enormous help to us.

The subcommittee will stand in recess pending further call by the Chair.

(Whereupon, at 1:48 p.m. the subcommittee was recessed subject to call by the Chair.)

EMPLOYMENT AND TRAINING LEGISLATION—1968

MONDAY, APRIL 1, 1968

U.S. SENATE,
SUBCOMMITTEE ON EMPLOYMENT,
MANPOWER AND POVERTY OF THE
COMMITTEE ON LABOR AND PUBLIC WELFARE,
Washington, D.C.

The subcommittee met at 10 a.m., pursuant to call, in room 4200, New Senate Office Building, Senator Joseph S. Clark (chairman of the subcommittee) presiding.

Present: Senator Clark (presiding).

Committee staff members present: Stewart E. McClure, chief clerk; William C. Smith, counsel; Michael W. Kirst, professional staff member; and Robert Patricelli, minority counsel of the Subcommittee on Employment, Manpower and Poverty.

Senator CLARK. The subcommittee will resume its consideration of S. 3063, the Emergency Employment and Training Act of 1968 and S. 3249, the Employment Incentive Act of 1968.

We are very happy to welcome as our first witness this morning the Honorable John W. Gardner, chairman of the National Urban Coalition, former Secretary of the Department of Health, Education, and Welfare.

Mr. Gardner, it is a real privilege to have you with us this morning. I see that you have a prepared statement of some 14 pages with the appendix. I ask that it be printed in full in the record at this point.

You may either read it, sir, or ad-lib as you see fit. I have not had a chance to read it, myself. I assure you I will. I will let you proceed in your own way.

(The prepared statement of Mr. Gardner follows:)

PREPARED STATEMENT OF JOHN W. GARDNER, CHAIRMAN, THE URBAN COALITION

I am John W. Gardner, chairman of the Urban Coalition, an organization representing business and the professions, organized labor, religion, civil rights groups, and local government.

Members of this committee have heard me testify on a good many occasions in connection with measures relating to health, education, and welfare. They will understand that 30 days on a new job has not turned me into an authority on questions of employment. But a good many members of the Coalition are very well qualified to arrive at judgments on that subject, and I am speaking on their behalf.

The Urban Coalition came into existence on July 31, 1967, as the Nation was experiencing its third straight summer of widespread civil disorder. Immediately upon formation, the Coalition called an Emergency Convocation; and on August 24, 1967, 1,200 leaders of American life assembled in Washington. Those who attended felt a deep sense of national urgency and a great need for a positive response to the urban crisis. Setting aside the differences which sometimes divide the Nation, the Convocation called for immediate and significant national action.

The Coalition represents a remarkable coming together of leadership from the various sectors of American life. On the Steering Committee are such businessmen as Henry Ford II and David Rockefeller, labor leaders such as George Meany and Walter Reuther, minority group leaders such as Whitney Young, Roy Wilkins and Bayard Rustin and mayors such as Richard Daley of Chicago and John Lindsay, of New York.

It is the purpose of The Urban Coalition to awaken the American people to their responsibilities in dealing with the urban crisis, to assist them in organizing to cope with that crisis, and to help them in the search for solutions. It is not an operating organization; it is not an organization that will build an empire of its own; it will always remain small and it will supplement rather than supplant other organizations concerned with the cities, our stance is one of total cooperation.

The Convocation held last August urged the Federal government to develop an emergency work program to provide jobs and new training opportunities for the unemployed and underemployed.

Representatives of the private sector in The Urban Coalition committed themselves to assist the deprived to achieve full participation in the economy as self-supporting citizens. To that end, they pledged full-scale private endeavors through creative job training and employment, managerial assistance, and basic investment in all phases of urban development.

The Convocation called upon the nation to take bold and immediate action to provide "a decent home and a suitable living environment for every American family" with guarantees of equal access to all housing, new and existing.

The Convocation appealed for educational programs that will equip all young Americans for full and productive participation in our society to the full potential of their abilities.

Leaders of The Urban Coalition realized that these actions were not the responsibility of the national government alone but also required the participation of state and local governments and of local leaders representing all phases of community life. Therefore, since last August a nationwide effort has been made to organize local coalitions. Today there are 33 in existence. Others are organizing.

The formation of local coalitions is only part of a very large-scale effort which we will undertake with the aim of informing and educating the American people with respect to the urban crisis. The time has passed when American citizens can hide their heads in the sand. Our cities are in trouble. We intend to do everything possible to alert the people to the nature of the problems and the possibilities for constructive action.

As there must be local response to go along with national action, so also there must be private enterprise participation to complement governmental action. In the vitally important matter of employment opportunity, private enterprise must play a crucially important role, for about seven out of eight jobs in the United States are in the private, profit-making sector. This commitment to a partnership approach by government and private enterprise is at the heart of The Urban Coalition's program.

The Coalition was pleased, therefore, when the President established the National Alliance of Businessmen. As you know, the Alliance will work closely with the Departments of Commerce and Labor and with local businessmen in promoting the program called JOBS, which stands for Job Opportunities in the Business Sector. It is essentially an on-the-job training program, which develops the job skills the hard-core unemployed need so badly. The unemployed person will have a good chance of moving into regular employment, and the employer will be paid for training expenses and other costs during the transitional period when the trainee is not fully productive.

The national and local coalitions will support the National Alliance of Businessmen. It was particularly gratifying to The Urban Coalition that one of the key members of our Steering Committee, Henry Ford II, was appointed by the President to head the Alliance.

To complement this effort, The Urban Coalition will work with local coalitions to open other job opportunities for the disadvantaged. We know that there are hundreds of thousands of job vacancies today. While some of them require professional training and others are in very low-paying jobs, large numbers of these vacancies pay a living wage and could be filled by unemployed and underemployed persons who live in congested urban ghettos. Many of them seem to be blocked by artificial barriers, such as the requirement of a high school diploma or nearly absolute prohibition of hiring persons with a police record, regardless of the nature of the offense. Thus, many ghetto residents are rejected without regard to individual potential. This is the type of problem on which local coalitions might be very helpful.

The private sector can make significant contributions to the reduction of unemployment. Indeed, the role of private enterprise is indispensable. Nevertheless, unemployment in cities, and in rural areas from which many of the urban jobless come, cannot be solved fast enough by private employment alone. Only with a major program of public service employment can jobs in sufficient volume be produced with the speed which the urban crisis demands.

The Emergency Convocation of last August called for the creation of one million public jobs at the earliest possible moment. On March 11, 1968 the Executive Committee of The Urban Coalition reaffirmed this objective. The statement of the Executive Committee and a list of its members is appended to my statement.

What are the principles that should govern an emergency public service employment program?

First, the Federal Government must enlist the cooperation of government at all levels and of private industry to assure that meaningful, productive work is available to everyone willing and able to work. I have already outlined how the National Alliance of Businessmen and The Urban Coalition are working toward this objective. The various Federal manpower programs are carried out by structures which have heavy involvement of state and local government. In a similar manner, emergency jobs should utilize the strengths of our Federal system so that much of the responsibility for solving the national employment program will actually be given to local communities, where the unemployed reside and will work.

To create socially useful jobs, an emergency public service program should concentrate on the huge backlog of employment needs in parks, streets, slums, countryside, schools, colleges, libraries and hospitals. Two years ago the National Commission on Technology, Automation and Economic Progress indicated that there is need for at least 5.3 million such jobs, and this finding has never been contradicted. I know personally from my experience with the Department of Health, Education and Welfare that one of the grave problems in these fields is the shortage of personnel, not merely professional workers but also personnel in the subprofessional ranks which could be filled by many who are now unemployed or underemployed.

To find out how many socially useful jobs could be made available immediately, The Urban Coalition asked Dr. Harold Sheppard of the Upjohn Institute to survey a sample of major cities. Based upon a preliminary analysis of this survey, Dr. Sheppard has concluded that at least 141,000 persons could be employed almost overnight in the 130 cities with population over 100,000. These would be jobs in regular city departments where supervisors are already available and work tasks are clearly defined. If this sample were expanded to small cities, to county and state governments, and to jobs with private, nonprofit organizations, it is likely that enough jobs could be found to put 500,000 persons to work within six months. By further planning, the number might be expanded to a million or more within a year.

A public service employment program would not only enable unemployed to earn their own way, it would benefit the general public by the many necessary and useful tasks which would be performed.

It goes without saying that a public service employment program must provide meaningful jobs—not dead end, make-work projects. The employment experience should add to the capabilities and broaden the opportunities of the employees to become productive members of the permanent work force. To place hardcore unemployed in meaningless activities with no future would merely reaffirm their hopelessness and despair. What's more, there is little excuse for a resort to meaningless activities. There is a great deal of meaningful work to be done.

In Dr. Sheppard's survey the greatest number of jobs which could be filled immediately by unskilled and semi-skilled persons were in education, followed by police and fire protection, health and hospitals, social welfare, and parks and recreation. All of these fields of public service will have a continued demand for personnel, and all of them have the type of jobs which provide opportunity for advancement from entry level to higher-skill and higher-paying jobs.

Basic education, training, and counseling must, of course, be an integral part of any public service employment program.

Building training into a public service employment program is essential if persons so employed are to be given the opportunity to advance, either to higher-skilled and better paying jobs with public agencies or to jobs in the private sector. Therefore, it is not enough to authorize only enough funds to pay wages. Instead, the cost of training and counseling should be included in the public service program, especially since other training funds are already fully committed.

In many instances, it might be desirable to contract with private, profit-making firms to carry out the training and education. The program should be so designed that this option is available.

A public service employment program should seek to qualify new employees to become part of the regular work force and to meet normal performance standards. This program could have the effect of creating a sizable manpower pool of persons who by actual performance are demonstrating their willingness to work and their capability to perform various work tasks. A man who is working as an auto mechanic for a public works department could move to a job in a private garage. The demand for landscapers is expanding, particularly in suburban areas, so that a person working for a beautification project could put his new skills to work for a private employer. Dozens of occupations are interchangeable between the public and private sector, such as typists, welders, truck drivers, cooks, draftsmen, painters, and many more. The so-called "new careers"—teachers aides, nurses aides, laboratory assistants, and others—offer the potential for entry at an elementary skill level with opportunity for advancement. Given proper training, participants in public service employment programs could gain access to a wide variety of other job opportunities.

Funds for public service employment should be made available to local and state governments, nonprofit institutions, and Federal agencies able to demonstrate their ability to use labor productively. This must be done without reducing existing levels of employment or undercutting existing labor standards or wages which prevail for comparable work or services in the area. Consistent with this principle, a state or local government should be able to contract with a private firm hiring the hardcore unemployed to perform public services. This, after all, is a common pattern for public works activities.

We often hear recommendations that the Federal Government should be "the employer of last resort." With our existing tax structure, Federal funds should be the major source of financial support for public service employment, but the actual employer should be state and local governments, nonprofit organizations, and private firms under contract.

The establishment of a minimum wage is important so that persons working in public service employment will be able to support their families.

The operation of the program should be keyed to specific, localized unemployment problems and focused initially on those areas where the need is most apparent. This means that the program should have considerable flexibility, encouraging local initiative and easy adaptability to varied communities. In a city with a tight labor market and many unfilled industrial jobs, a public service employment program might concentrate upon those occupations where workers could gain the experience which would rapidly qualify them for those existing jobs. In a locale with higher rates of unemployment, public service employment might have to be longer term. Another city might want to give particular attention to improving the bad housing and wretched environmental conditions which plague the poor. There should be no single, made-in-Washington pattern.

As our name implies, we are concerned especially with the needs of urban areas. It is plain to all thinking Americans that the urban crisis comes to focus particularly in the ghettos. This has been made all the more clear to us by the recent, excellent report of the President's Advisory Commission on Civil Disorders. The Executive Committee of the Urban Coalition has strongly endorsed this report and has commended it to the nation's citizens and leaders for study and action. Since you are all familiar with the report, I will quote only one passage:

"What white Americans have never fully understood—but what the Negro can never forget—is that white society is deeply implicated in the ghetto. White institutions created it, white institutions maintain it, and white society condones it."

It is now urgent that the Government of *all* the people of the United States do something about it. As the Advisory Commission recommended, employment should be at the top of the agenda.

That is not to say that a public service employment program would be for Negroes alone. Many persons with Spanish surnames suffer unemployment. And in all national statistics the majority of the unemployed are white.

Nor should a public service employment program be only for urban areas. Although the greatest concentration of unemployment and the most explosive situations are found in urban ghettos, the highest proportion of unemployment among residents of a community are found in rural areas. If persons cannot find work in South Carolina, they move to Washington, Philadelphia, or New York. Those unemployed in Eastern Kentucky head for Pittsburgh, Cleveland, and Detroit. Those without jobs in the Mississippi Delta migrate to Chicago. The jobless in the Rio Grande Valley move to Texas or California cities. Indeed, the cities and the rural areas alike will benefit if a public service employment program is both urban and rural.

As I have studied S. 3063, the proposed Emergency Employment and Training Act of 1968, I find that the bill is in basic accord with the principles I have described. The main shortcomings seems to be the speed with which the objective of one million public service jobs is achieved. In the bill, this level would not be attained until the third year. It seems to me that this pace should be accelerated so that 500,000 jobs are made available the first year and a total of one million the second year. We are in a period of great urgency and should stretch both our fiscal and administrative capacity to the utmost.

In conclusion, I reiterate the plea of the Emergency Convocation held last August which called upon "all Americans to apply the same determination to these programs that they have to past emergencies. We are confident that, given this commitment, our society has the ingenuity to allocate its resources and devise techniques necessary to rebuild cities and still meet our other national obligations without impairing our financial integrity. Out of past emergencies, we have drawn strength and progress. Out of the present urban crisis we can build cities that are places, not of disorder and despair, but of hope and opportunity. The task we set for ourselves will not be easy, but the needs are massive and urgent, and the hour is late. We pledge ourselves to this goal for as long as it takes to accomplish it. We ask the help of the Congress and the Nation."

PREPARED STATEMENT OF THE EXECUTIVE COMMITTEE OF THE URBAN COALITION ON PUBLIC SERVICE EMPLOYMENT

The Urban Coalition Executive Committee calls upon the Congress to enact urgently needed emergency legislation to provide at least one million jobs through public service employment.

In support of this objective, The Urban Coalition's Statement of Principles, Goals, and Commitments, endorsed in August 1967 by 1,000 representatives of business, labor, religion, civil rights, and local government, calls for action consistent with the following principles:

> The federal government must enlist the cooperation of government at all levels and of private industry to assure that meaningful, productive work is available to everyone willing and able to work.
>
> To create socially useful jobs, the emergency work program should concentrate on the huge backlog of employment needs in parks, streets, slums, countryside, schools, colleges, libraries, and hospitals. To this end, an emergency work program should be initiated and should have as its first goal putting at least one million of the presently unemployed into productive work at the earliest possible moment.
>
> The program must provide meaningful jobs—not dead-end, make work projects—so that the employment experience gained adds to the capabilities and broadens the opportunities of the employees to become productive members of the permanent work force of our nation.
>
> Basic education, training, and counseling must be an integral part of the program to assure extended opportunities for upward job mobility and to improve employee productivity. Funds for training, education, and counseling should be made available to private industry as well as to public and private nonprofit agencies.

> Funds for employment should be made available to local and state governments, nonprofit institutions, and federal agencies able to demonstrate their ability to use labor productively without reducing existing levels of employment or undercutting existing labor standards or wages which prevail for comparable work or services in the area but are not less than the federal minimum wage.
>
> Such a program should seek to qualify new employees to become part of the regular work force and to meet normal performance standards.
>
> The operation of the program should be keyed to specific, localized unemployment problems and focused initially on those areas where the need is most apparent.

The Clark-Javits Emergency Employment Act proposed in the last session of Congress was responsive to these principles and was endorsed by The Urban Coalition. It is now even more urgent for the Congress to respond to the conditions of unemployment despair revealed in hearings held by the Senate Sub-Committee on Unemployment. The principles endorsed by The Urban Coalition are consistent with the findings and recommendations of the National Committee on Technology Automation and Economic Progress (Feb. 1966), the White House Conference to Fulfill These Rights (June, 1966), and The National Advisory Commission on Food and Fiber (July, 1967). The Report of the President's Commission on Civil Disorders leaves no doubt as to the nation's responsibilities.

STATEMENT OF HON. JOHN W. GARDNER, CHAIRMAN OF THE NATIONAL URBAN COALITION, FORMER SECRETARY OF THE DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE, ACCOMPANIED BY RON LINTON, CONSULTANT TO NATIONAL URBAN COALITION; AND DR. HAROLD L. SHEPPARD, W. E. UPJOHN INSTITUTE FOR EMPLOYMENT RESEARCH

Mr. GARDNER. I think, Mr. Chairman, under those circumstances, perhaps if I read it, it will provide the basis for questions on your part.

Senator CLARK. Yes. You do not mind if we interrupt since the statement will be printed in the hearing record in its entirety.

Perhaps you would like to introduce your colleagues.

Mr. GARDNER. Yes, sir. Ron Linton, consultant to the Urban Coalition, played a very important role in the early days of the coalition. You know him well.

I also have Harold Sheppard, who prepared the study of public service employment which we will be referring to in the course of the testimony. He is associated with the Upjohn Institute and the study which he has prepared is the only data of the sort available on public service employment.

Senator CLARK. Mr. Sheppard was also on the subcommittee staff as one of our most valuable consultants. He may have a conflict of interest in appearing here this morning. Please go ahead.

Mr. GARDNER. I am John W. Gardner, chairman of the Urban Coalition, an organization representing business and the professions, organized labor, religion, civil rights groups, and local government.

Members of this committee have heard me testify on a good many occasions in connection with measures relating to health, education, and welfare. They will understand that 30 days on a new job has not turned me into an authority on questions of employment. But a good many members of the coalition are very well qualified to arrive at judgements on that subject, and I am speaking on their behalf.

The Urban Coalition came into existence on July 31, 1967, as the Nation was exercising its third straight summer of widespread civil disorder. Immediately upon formation, the coalition called an emergency convocation; and on August 24, 1967, 1,200 leaders of American life assembled in Washington. Those who attended felt a deep sense of national urgency and a great need for a positive response to the urban crisis. Setting aside the differences which sometimes divide the Nation, the convocation called for immediate and significant national action.

The coalition represents a remarkable coming together of leadership from the various sectors of American life. On the steering committee are such businessmen as Henry Ford II and David Rockefeller; labor leaders such as George Meany and Walter Reuther; minority group leaders such as Whitney Young, Roy Wilkins, and Bayard Rustin; and mayors such as Richard Daley, of Chicago, and John Lindsay, of New York.

It is the purpose of the Urban Coalition to awaken the American people to their responsibilities in dealing with the urban crisis, to assist them in organizing to cope with that crisis, and to help them in the search for solutions. It is not an operating organization; it is not an organization that will build an empire of its own; it will always remain small and it will supplement rather than supplant other organizations concerned with the cities. In connection with these other organizations our stance is one of total cooperation.

The convocation held last August urged the Federal Government to develop an emergency work program to provide jobs and new training opportunities for the unemployed and underemployed.

Representatives of the private sector in the Urban Coalition committed themselves to assist the deprived to achieve full participation in the economy as self-supporting citizens. To that end, they pledged full-scale private endeavors through creative job training and employment, managerial assistance, and basic investment in all phases of urban development.

The convocation called upon the Nation to take bold and immediate action to provide "a decent home and a suitable living environment for every American family" with guarantees of equal access to all housing, new and existing.

The convocation appealed for educational programs that will equip all young Americans for full and productive participation in our society to the full potential of their abilities.

Leaders of the Urban Coalition realized that these actions were not the responsibility of the National Government alone but also required the participation of State and local governments and of local leaders representing all phases of community life. Therefore, since last August a nationwide effort has been made to organize local coalitions. Today there are 33 in existence. Others are organizing.

Senator **Clark**. Mr. Gardner, would you furnish for the record a list of the members and their occupations of the steering committee?

Mr. **Gardner**. Yes, sir.

Senator **Clark**. Also a list of the 33 local coalitions which have already been brought into being.

Mr. **Gardner**. Yes, sir.

(The information subsequently supplied follows:)

Steering Committee Members of the National Urban Coalition

I. W. Abel, president, United Steelworkers of America
Hon. Ivan Allen, Jr., mayor of the city of Atlanta
Joseph H. Allen, president, McGraw-Hill Publications
Arnold Aronsons, executive secretary, Leadership Conference on Civil Rights
Roy Ash, president, Litton Industries
Hon. Joseph M. Barr, mayor of the city of Pittsburgh
Hon. Jerome P. Cavanagh, mayor of the city of Detroit
Frederick J. Close, chairman of the board, Aluminum Co. of America
Hon. John F. Collins, mayor of the city of Boston
Hon. Richard J. Daley, mayor of the city of Chicago
Archbishop John F. Dearden, archbishop of Detroit
Dr. Arthur Fleming, president, National Council of Churches
Henry Ford II, chairman Ford Motor Co.
Hon. Milton Graham, mayor of the city of Phoenix
Dr. Edler G. Hawkins, St. Augustine Presbyterian Church
Andrew Heiskell, chairman of the board, Time, Inc.
John H. Johnson, president, Johnson Publishing Co.
Joseph D. Keenan, secretary, International Brotherhood of Electrical Workers
Hon. John V. Lindsay, mayor of the city of New York
George Meany, president, AFL–CIO
J. Irwin Miller, president Cummins Engine Co.
Hon. Arthur Naftalin, mayor of the city of Minneapolis
James F. Oats, chairman of the board, Equitable Life Assurance Society
Gerald L. Phillipe, chairman of the board, General Electric Co.
A. Philip Randolph, International Brotherhood of Sleeping Car Porters
Walter Reuther, president, United Auto Workers
David Rockefeller, president, Chase Manhattan Bank
James Rouse, president, The Rouse Co.
Rabbi Jacob P. Rudin, president, Synagogue Council of America
Theodore Schlesinger, president, Allied Stores Corp.
Asa T. Spaulding, president, North Carolina Mutual Insurance Co.
David Sullivan, president, Building Service Employees International Union
Hon. James H. J. Tate, mayor of the city of Philadelphia
John Wheeler, president, Mechanics and Farmers Bank; president, Southern Regional Council
Roy Wilkins, executive director, NAACP
Whitney M. Young, Jr., executive director, National Urban League

Executive Committee Members of the Urban Coalition

Joseph H. Allen
Arnold Aronson
Mayor Joseph Barr
Frederick J. Close
Dr. Arthur Flemming
Andrew Heiskell
Mayor John Lindsay
George Meany
J. Irwin Miller
A. Philip Randolph
Walter Reuther
Rabbi Jacob Rudin
Theodore Schlessinger
Mayor James H. J. Tate
Whitney M. Young, Jr.
Bishop Guilfoyle
(Diocese of Camden)

Local Urban Coalitions

CITY AND CHAIRMAN

Atlanta, Ga.: To be named.
Baltimore, Md.: Theodore R. McKeldin, former mayor of Baltimore (has staff).
Boston, Mass.: Robert Slater, John Hancock Insurance Co.
Bridgeport, Conn.: To be named.
Dayton, Ohio: To be named.
Dener, Colo.: To be named.
Detroit, Mich.: Joseph L. Hudson, Jr., Hudson Co. (has staff).
Fresno, Calif.: Mayor Floyd H. Hyde (has staff).
Minneapolis, Minn.: Stephen F. Keating, Honeywell, Inc. (has staff).
New York, N.Y.: Christian Herter, Jr., Mobil Oil (has staff).
Norfolk, Va.: To be named.
Oakland, Calif.: To be named.
Pasadena, Calif.: David Allen Hubbard, Fuller Theological Seminary.
Plainfield, N.J.: Luther L. Roberts, Ruberoid Corp. (has staff).
Riverside, Calif.: Mayor Ben H. Lewis (has staff).
Saginaw, Mich.: R. Dewey Stearns.
San Diego, Calif.: To be named.
Tacoma, Wash.: Donald J. Browne, Rhodes Investment Co.
Washington, D.C.: Walter McArdle, president, McArdle Printing Co. (has staff).
Winston-Salem, N.C.: To be named.
Harrisburgh, Pa.: James Reynolds.
Niagara Falls, N.Y.: To be named Executive director: Lester Niesz.
Chattanooga, Tenn.: To be named.
Gary, Ind.: George Coker, Gary Urban League (has staff).
Huntsville, Ala.: To be named (has staff).
Philadelphia, Pa.: Philip Kalodner, City Development Coordinator.
Phoenix, Ariz.: Milton Gan.
Ventura County, Calif.: To be named.
Los Angeles, Calif.: Dr. Lee DuBridge, president, California Institute of Technology.
Indianapolis, Ind.: To be named.
Joliet, Ill.: Prof. Eugene Buff, Academy of St. Francis (has staff).
Kansas City, Kans.
Kansas City, Mo.: To be named.
Stamford, Conn.: To be named (has staff).

Mr. Gardner. The formation of local coalitions is only part of a very large-scale effort which we will undertake with the aim of informing and educating the American people with respect to the urban crisis. The time has passed when American citizens can hide their heads in the sand. Our cities are in trouble. We intend to do everything possible to alert the people to the nature of the problems and the possibilities for constructive action.

As there must be local response to go along with national action, so also there must be private enterprise participation to complement governmental action. In the vitally important matter of employment opportunity, private enterprise must play a crucially important role, for about seven out of eight jobs in the United States are in the private, profitmaking sector. This commitment to a partnership approach by Government and private enterprise is at the heart of the Urban Coalition's program.

The coalition was pleased, therefore, when the President established the National Alliance of Businessmen. As you know, the Alliance will work closely with the Departments of Commerce and Labor and with local businessmen in promoting the program called JOBS, which stands for Job Opportunities in the Business Sector. It is essentially an on-the-job training program, which develops the job skills the hard-core unemployed need so badly. The unemployed person will have a good chance of moving into regular employment, and the employer will be paid for training expenses and other costs during the transitional period when the trainee is not fully productive.

The national and local coalitions will support the National Alliance of Businessmen. It was particularly gratifying to the Urban Coalition that one of the key members of our steering committee, Henry Ford II, was appointed by the President to head the Alliance.

To complement this effort, the Urban Coalition will work with local coalitions to open other job opportunities for the disadvantaged. We know that there are hundreds of thousands of job vacancies today. While some of them require professional training and others are in very low-paying jobs, large numbers of these vacancies pay a living wage and could be filled by unemployed and underemployed persons who live in congested urban ghettos. Many of them seem to be blocked by artificial barriers, such as the requirement of high school diploma or nearly absolute prohibition of hiring persons with a police record, regardless of the nature of the offense. Thus, many ghetto residents are rejected without regard to individual potential. This is the type of problem on which local coalitions might be very helpful.

Senator CLARK. Mr. Gardner, the studies of this committee indicate that there are presently about 2 million job opportunities where it has been impossible to match the opening with a qualified, adequately skilled jobseeker. Would you have any reason to doubt the validity of those figures?

Mr. GARDNER. No; I have no doubt that those figures are valid. I think this bears on the nature of the problem which I will be glad to go into now or later.

Senator CLARK. Just finish your prepared statement. I want to put in your mind—if it is not already there—that the subcommittee had tentatively included that 4,400,000 jobs need to be made available to the hard-core unemployed to bring about conditions of reasonably full employment. That breaks down, we think, into 2 million presently available jobs for which there is not adequately skilled manpower.

We propose to create the other 2,400,000 to bring up the total to 4,400,000 by the Emergency Employment Act which you are presently testifying on, our thought being that one of those 2,200,000 should come from the public sector of the economy, the other 2,200,000 could come from the private sector of the economy with governmental assistance along the lines you are presently indicating.

We had in mind a 4-year program. This of course ties in, coincidentally but rather neatly, with the recommendation of the President's Commission on Civil Disorders which advocated the creation of 2 million jobs over a 3-year period.

I wonder if you, speaking for the Urban Coalition, would want to make any comments on what I have just said other than what is in your prepared statement?

Mr. GARDNER. I think I would prefer to stick to the prepared statement because it represents an agreement which we have hammered out among ourselves.

Senator CLARK. Right.

Mr. GARDNER. The private sector can make significant contributions to the reduction of unemployment. Indeed, the role of private enterprise is indispensible. Nevertheless, unemployment in cities, and in rural areas from which many of the urban jobless come, cannot be solved fast enough by private employment alone. Only with a major program of public service employment can jobs in sufficient volume be produced with the speed which the urban crisis demands.

Senator **Clark**. Let me interrupt you again to observe that while you are called the Urban Coalition, I am sure you are aware of the poverty problem and, indeed, the employment problem in many of our rural areas and that your coalition is interested in that geographical area as well.

Mr. **Gardner**. We are, sir. We are.

The Emergency Convocation of last August called for the creation of 1 million public jobs at the earliest possible moment. On March 11, 1968, the executive committee of the Urban Coalition reaffirmed this objective. The statement of the executive committee and a list of its members is appended to my statement.

Senator **Clark**. Is that the same as the steering committee of which you spoke?

Mr. **Gardner**. No, sir, but we will supply the executive committee, too.

Senator **Clark**. The executive committee is larger?

Mr. **Gardner**. The executive committee is smaller. This meets in between the meetings of the steering committee.

Senator **Clark**. May I clarify your prepared statement? Your Emergency Coalition called for the creation of 1 million public jobs at the earliest possible moment. What is your best judgment as to the earliest possible moment that such a program could be created and made effective?

Mr. **Gardner**. I think our present suggestion is that we shoot for this on a 2-year basis. 500,000 this year and a million by next year.

Senator **Clark**. Starting last August? That is what concerns me. We have not gotten very far in action although your group, the Riot Commission and the National Alliance for Businessmen and this committee all talk about it, but we have not done anything yet. Would you agree in order to get the program effectively underway we need legislation?

Mr. **Gardner**. Yes, sir. There is no question in my mind about that.

Senator **Clark**. It seems to me that some readjustment of national priorities is in order to obtain the necessary funds for these kinds of massive programs, at the same time doing what to me at least is essential to put our monetary and fiscal house in order.

Do you agree with that?

Mr. **Gardner**. I have one reservation about it. I do not want to let anyone off the hook as far as getting this done is concerned. When someone says to me we have to wait until the war is over I couldn't disagree more vigorously. I believe that we must move now and that in fact we can afford to move now.

Senator **Clark**. That would mean a very significant increase in taxation over and above what the President has recommended, would it not, or in the alternative a rather drastic cut back in domestic programs which to my way of thinking, perhaps yours, should have a lower priority than the domestic crisis in the city.

Mr. **Gardner**. Yes, sir.

Senator **Clark.** I got 17 votes on the floor of the Senate the other day on a proposal that we should cut rather drastically our military budget in order to have funds available for our domestic crisis. I do not ask you to comment on that.

Mr. **Gardner.** What are the principles that should govern an emergency public service employment program?

First, the Federal Government must enlist the cooperation of government at all levels and of private industry to assure that meaningful, productive work is available to everyone willing and able to work. I have already outlined how the National Alliance of Businessmen and the Urban Coalition are working toward this objective. The various Federal manpower programs are carried out by structures which have heavy involvement of State and local government. In a similar manner, emergency jobs should utilize the strengths of our federal system so that much of the responsibility for solving the national employment program will actually be given to local communities, where the unemployed reside and will work.

Senator **Clark.** Mr. Gardner, should you not include the President's Riot Commission among the very important groups which are working in the same general area? I note there are some overlaps between some members of the Riot Commission and your own group, noteably Mayor Lindsay.

Mr. **Gardner.** Yes, sir, we have been in good communication with members of the Riot Commission. We strongly endorse their findings. We are deeply concerned to see that many of those findings are put into effect.

Senator **Clark.** Thank you, sir.

Mr. **Gardner.** To create socially useful jobs, an emergency public service program should concentrate on the huge backlog of employment needs in parks, streets, slums, countryside, schools, colleges, libraries, and hospitals.

I may say, Mr. Chairman, as Secretary of HEW, I was made keenly aware of the manpower needs in some of these fields.

Two years ago the National Commission on Technology, Automation and Economic Progress indicated that there is need for at least 5.3 million such jobs, and this finding has never been contradicted. I know personally from my experience with the Department of Health, Education, and Welfare that one of the grave problems in these fields is the shortage of personnel, not merely professional workers but also personnel in the subprofessional ranks which could be filled by many who are now unemployed or underemployed.

Senator **Clark.** I am interested in that figure, now 2 years old but possibly still valid, of 5.3 million jobs in the emergency public service program. That does seem a little high but maybe it is not. Do you think that figure is still valid?

Mr. **Gardner.** I wonder if we could get Mr. Sheppard's comment on that.

Senator **Clark.** Yes, that will be helpful.

Mr. **Sheppard.** The only thing I want to say now, Senator, that includes highly professional jobs and not just the jobs for which your legislation is designed.

Senator **Clark.** Am I not right, Mr. Sheppard, that while I am sure that is true the job problem does tend to become a pyramid in which the greatest quantity of needed jobs is at the base and as the jobs become more and more highly professional the number of individuals needed decreases rather drastically.

For example, I have no doubt that we need an awful lot more doctors, but compared with the people that you need in the hospitals to do the more menial work the number of doctors would be relatively small. Is this right?

Mr. SHEPPARD. Yes.

Mr. GARDNER. The biggest single chunk is teachers, the biggest single group needed.

Senator CLARK. And that is teachers at all levels of education.

Mr. GARDNER. All levels. Of course, there is a very heavy turnover as you know in the teaching field.

Senator CLARK. Let us go up to the higher level. I know there is a shortage of college professors but it is nothing like the shortage of elementary schoolteachers, is it?

Mr. GARDNER. No.

To find out how many socially useful jobs could be made available immediately, the Urban Coalition asked Dr. Harold Sheppard of the Upjohn Institute to survey a sample of major cities. Based upon a preliminary analysis of this survey, Dr. Sheppard has concluded that at least 141,000 persons could be employed almost overnight in the 130 cities with population over 100,000. These would be jobs in regular city departments where supervisors are already available and work tasks are clearly defined. If this sample were expanded to small cities, to county and State governments, and to jobs with private, non-profit organizations, it is likely that enough jobs could be found to put 500,000 persons to work within 6 months. By further planning, the number might be expanded to a million or more within a year.

Senator CLARK. Dr. Sheppard, do you have any breakdown as to what type of skills would be required to fill those jobs?

Dr. SHEPPARD. The questionnaire that we used, Senator, refers to types of agencies in cities and what percentage of those jobs could be filled by subprofessional people without all the technical qualifications. In other words, the people who are typically residents of the inner city. We can provide that to the committee with the particular report I worked on.

Senator CLARK. I wish you would. Am I entitled to draw the conclusion that the 141,000 persons referred to in Mr. Gardner's testimony would not include any college graduates?

Dr. SHEPPARD. It would not include many of those.

Senator CLARK. Many of them would be at less than the high school level?

Dr. SHEPPARD. Yes, sir.

Mr. GARDNER. We will be glad to supply a copy of the preliminary report for the record if you wish it, Mr. Chairman.

Senator CLARK. Yes, it would be very helpful.

(The report referred to follows:)

PRELIMINARY REPORT ON PUBLIC SERVICE EMPLOYMENT NEEDS IN CITIES WITH 100,000 POPULATION OR MORE

By Harold L. Sheppard,* Staff Social Scientist, the W. E. Upjohn Institute for Employment Research, Washington, D.C.

The concept of "public service employment" is not a completely new one, although the popularity, perhaps even the urgency, of the idea has been growing as events and trends in the urban employment field have continued to have their dramatic effects.

One point must be made clear. For many persons the various proposals for expanding job opportunities through the public sector have referred to "government as the employer of last resort." This expression unfortunately conveys the negative impression that (1) only *after* private enterprise has tried everythink to absorb all the unemployed should government be turned to as an employer—and presumably an employer merely of those that private enterprise has rejected; and (2) the government's function is merely to act as an employer and not to act as a provider of such services as education, health, defense, parks and recreation, water services, highway maintenance, police and fire protection, etc.

With rare exception, the jobs to be had in government are vital to the functioning of the society and the community, and the services provided by government employees are deemed desirable by the citizenry. The critical point is that the need for the services to be provided is the underlying justification for public service employment—not merely the fact that such a need naturally calls for persons to be hired for such a purpose.

In just those cities with 50,000 or more population, about 1.3 million persons were employed by municipal governments in 1966. Another 7.3 were employed in State and other local governments (including counties and towns of less than 50,000 population). While nearly one-half were employed in education, the others were involved in carrying such functions as found in agencies dealing with highways, hospitals, public welfare, police and fire protection, sewerage and sanitation, etc.

But these figures do not mean that the cities, for example are providing all the services needed for their citizens to the degree deemed necessary to cope with changing population size and composition, and to cope with rapidly changing conditions. As we all know, one of the major reasons for this failure in the public service sector has to do with the inadequacy of local sources or mechanisms for tax revenues. It is at this point that any Federally-financed program for public service employment comes to have great value for the cities.

At the same time, the very cities unable to provide to an adequate extent those services necessary for the functioning of an urban system are also trying to cope with a massive problem of employment for many of their residents. On the one hand, there are city governments with unmet public service needs for poor and nonpoor, employed and unemployed, white and nonwhite alike—and on the other hand, thousands of persons seeking employment or better employment.

In an effort to determine as quickly as possible, and within the bounds of realistic estimates, the U.S. Conference of Mayors requested the mayors of 50 cities with population of 100,000 or larger to answer a brief inquiry—the preface to which reads as follows:

The purpose of this inquiry is to estimate the degree to which local governments in the United States could be expanding their delivery of services to their community and citizens, if the usually cited obstacles to such expansion did not exist (such as budgets).

We would appreciate your answer to the following questions after consulting with the heads and personnel chiefs in the types of agencies listed below, if such a survey has not already been conducted.

The mayors were then asked to indicate which public service functions among the following 13 had a need for at least a 10 percent increase in services and/or personnel:

---

*The views expressed by the author do not necessarily reflect the positions of The W. E. Upjohn Institute for Employment Research.

Anti-Pollution Enforcement
Education
General Administration
Health and Hospitals
Highway and/or Traffic Dept.
Housing Codes and Inspection
Library
Police
Fire
Recreation and Parks
Urban Renewal (or Rehabilitation)—Including Model Cities
Sanitation
Welfare

Following that question, they were requested to answer the following:

> . . . could you provide *estimates* of how many additional personnel would be needed to implement these increased services? Plausible, reasonable estimates are perfectly satisfactory here. We are not insisting on precise to-the-last-man figures.

On the basis of the answers to this question supplied by the 34 cities returning the forms, it is possible to estimate that among the 130 or so cities of over 100,000 population there are approximately 280,000 job possibilities just among the 13 municipal public service functions cited in the questionnaire (including some functions which may be under county or state jurisdiction, such as education and welfare). (See table.) These possibilities, of course, are at the present time only theoretical in that funds are not currently available to make them into real job openings.

It should be emphasized also that these 280,000 potential positions include occupations and professions which require some degree of technical proficiency, and which could not be filled by the typical hard-core unemployed or underemployed resident of the central city. But a major purpose of this inquiry is to arrive at some intelligent estimate of the proportion of the total number of such positions deemed needed to provide the increased services in the 13 functions cited, which could possibly be filled by the "hard core." Accordingly, the mayors were presented with the following statement and request for information:

> In many of these potentially expanded departments and functions, there is always the strong probability that new professional personnel may not be available in the numbers desired. Partly as a means of solving this type of personnel shortage, some agencies around the country have recently begun to recruit and train (A) men and women without the regularly required advanced preparation to perform those aspects of "professional" jobs which actually could be performed by such men and women. In other departments and functions needing more personnel, the only major reason for not hiring them is simply the problem of inadequate funds, and (B) men and women could be employed in a variety of jobs that are not rigidly professional in nature (for example, playground aides, urban beautification personnel, certain kinds of hospital employees, etc.).
>
> In column 3, would you indicate what percent of the numbers cited in column 2 might consist of these two types, A and B, of new employees? In answering this question, please do not feel constrained by any *existing* budgetary or entrance-requirement limitations. Again, no iron-clad precise percentage is requested here—only your best estimate as to what proportion of these jobs could conceivably be filled by nonprofessional personnel.

The results of analysis of this information reveal that one-half of all the job possibilities cited previously could be filled, according to the mayors and their agency heads, by persons without technical or professional training. In other words, *at least* 140,000 possibilities for inner city residents may be said to be present in the 13 public service functions in cities of over 100,000 population. (See Table 2.)

This figure of 140,000 is a *minimum* estimate of the potentials of public service employment, for a number of reasons. *First,* the data on which the number is based exclude many other municipal functions not asked about in the survey; *second,* the estimates apply only to urban places of over 100,000 population—which encompass about one-third of the total U.S. population; *third,* they do not include any estimates from nonprofit private organizations in equal, if not greater, need of expansion of their services in urban and rural areas; *fourth,* the 140,000 figure does not include the estimates by the mayors of some cities volunteering responses to the "Other" category in the questionnaire (a copy of which is attached to this report). If the "Other" category is used in the estimate, it is safe to add an additional 10,000 job possibilities in public service employment for inner city residents, raising the minimum estimate to 150,000 for cities of over 100,000.

There is another significant reason for considering the estimate of 140,000 to 150,000 to be a conservative figure. It has to do with the possibility that too little thought has been given by city administrators to the actual extent of need for expanded and new public services. "Anti-pollution enforcement" is one example. This is a new and growing area of public concern, and in the next few years the manpower and personnel aspects of the enforcement and implementation of anti-pollution measures can be expected to become a major administrative challenge to urban areas. It is extremely doubtful that among the 130 cities with over 100,000 population, only 1,700 additional positions—as determined by the estimates of the 34 cities providing information—will be required to carry out such measures.

The point is that not only do we have a *backlog* of unmet public service needs: there is also a vast reservoir of *unanticipated and unplanned* needs for which little preparation has been made. In strong contrast to those students of manpower projections who foresee fewer and fewer jobs, there are other persons (including this writer) who fear that we have not begun to prepare for the wide and expanding range of human and public service functions that will be necessary to make life viable in our urban areas, that we will have a need for more and more employees.

In this connection, it may also be pertinent to mention that the need for such *public* services is also accelerated by growth in the *private* sector of our economy and society. This need, in other words, is not *sui generis*, i.e., something that develops by itself in isolation from other conditions and trends. In order to facilitate the processes of the private economy, for example, the use of automobiles and trucks in the urban economy, certain public function needs must be met—driver education, inspection, traffic and parking control, highway construction and maintenance, auto emission pollution control, etc.

The emergence of new needs in the public service sector of urban America will in turn generate certain manpower needs that will require first of all, the design of new occupations for residents of the inner city; second, the effective recruitment and training of these residents; third, their placement in appropriate agencies in the city once trained (or perhaps after being trained on the job in those agencies); and finally, the development of techniques of what might be called "job maintenance" in order to keep such inner city residents attracted to these new positions.

This preliminary report has concentrated on a limited approach to the need to estimate on an intelligent basis essentially just those manpower needs for the expansion of *existing* local urban government programs, and limited further to a small number of such functions in only those cities with a population of 100,000 or more. The fact that the estimates pertain primarily to existing programs, furthermore, suggests that the additional jobs could be filled without too much delay—if funds could be made available.

TABLE 1.—PROJECTION OF ADDITIONAL PUBLIC SERVICE MANPOWER NEEDS FOR 130 CITIES WITH POPULATIONS 100,000 OR MORE, BY POPULATION CATEGORY BASED ON REPLIES OF 34 CITIES [1]

Function or program	Population size			Total (130 cities)
	100,000 to 250,000 (80 cities)	250,000 to 750,000 (40 cities)	750,000 or more (10 cities)	
Antipollution enforcement	1,072	368	308	1,748
Education	33,944	27,896	22,758	84,602
General administration	5,952	3,064	4,924	13,940
Health and hospitals	12,368	11,920	10,246	34,534
Highway and/or traffic	4,512	3,456	1,818	9,786
Housing codes and inspection	968	1,544	2,687	5,198
Library	2,232	1,804	1,583	5,616
Police	10,016	8,992	18,400	37,406
Fire	7,664	3,348	3,982	14,999
Recreation and parks	7,296	3,800	7,800	18,894
Urban renewal (or rehabilitation) including model cities	7,440	1,944	2,814	12,198
Sanitation	4,160	2,416	7,010	13,589
Welfare	2,520	3,764	20,625	26,909
Total	100,144	74,316	104,955	279,415

[1] Excludes answers to "Other" categories.

TABLE 2.—PROJECTION OF PUBLIC SERVICE JOB POSSIBILITIES FOR INNER CITY RESIDENTS, BASED ON REPLIES OF 34 CITIES [1]

Function or program	100,000 to 250,000 (80 cities)	250,000 to 750,000 (40 cities)	750,000 or more (10 cities)	Total (130 cities)
Antipollution enforcement	568	232	100	900
Education	10,704	15,000	13,430	39,134
General administration	2,864	1,236	1,213	5,313
Health and hospitals	6,120	6,596	6,074	18,790
Highway and/or traffic	3,608	2,168	1,403	7,179
Housing codes and inspection	440	576	457	1,473
Library	1,176	908	1,075	3,159
Police	2,360	3,916	5,340	11,616
Fire	2,720	1,648	1,022	5,390
Recreation and parks	5,696	2,900	5,763	14,359
Urban renewal (or rehabilitation), including model cities	5,304	1,104	1,392	7,800
Sanitation	2,816	1,868	2,850	7,534
Welfare	544	2,428	15,525	18,497
Total	44,920	40,580	55,644	141,144

[1] Excludes answers to "Other" categories.

TABLE 3.—PROJECTED JOB POSSIBILITIES IN PUBLIC SERVICE FUNCTIONS, BY TYPE OF FUNCTION

[In percent]

Functions	All new positions	Nonprofessional positions only
Total	100.0	100.0
Antipollution enforcement	.6	.6
Education	30.3	27.7
General administration	5.0	3.8
Health and hospitals	12.4	13.3
Highway and/or traffic	3.5	5.1
Housing codes and inspection	1.9	1.0
Library	2.0	2.2
Police	13.4	2.8
Fire	5.4	3.8
Recreation and parks	6.8	10.2
Urban renewal (or rehabilitation) including model cities	4.4	5.5
Sanitation	4.9	5.3
Welfare	9.6	13.1

Note: Percentages based on 279,415 new positions, 141.144 nonprofessional positions. Columns may not add to 100 because of rounding.

TABLE 4.—PROJECTED JOB POSSIBILITIES IN PUBLIC SERVICE FUNCTIONS, BY SIZE OF CITIES

[In percent]

City size	All new positions	Nonprofessional positions only
Total	100.0	100.0
100,000 to 250,000	35.8	31.8
250,000 to 750,000	26.6	28.8
750,000 or more	37.6	39.4

Note: Percentage based on 279,415 all new positions and 141,144 nonprofessional positions only.

UNITED STATES CONFERENCE OF MAYORS,
Washington, D.C.

DEAR MAYOR: Unquestionably, one of the principal legislative issues this year will be whether there should be a Federal Emergency Public Employment Program to absorb the current unemployment, particularly that which is within our central cities.

When this proposition is discussed there are questions raised as to meeting the unfilled needs of public service employment.

The Automation Commission report of February, 1966, noted that some 5.3 million jobs could be created in the public sector, government and nongovernment. However, up-to-date information is a must if city government and its supporters are to take effective action on this matter.

Thus, in conjunction with the Urban Coalition we are trying to assess the reasonable increase in local government employment which would occur if the existing monetary and facility restraints were removed. Fifty sample cities are being asked to answer as best as possible the enclosed questionnaire. Individual city responses will be confidential to the Conference of Mayors with information released by class of city only.

We think that the report from this study will be very helpful and hope you will respond by January 31.

Sincerely,

JOHN J. GUNTHER,
Executive Director.

Enclosure.

PUBLIC SERVICE EMPLOYMENT

The purpose of this inquiry is to estimate the degree to which local governments in the United States could be expanding their delivery of services to their community and citizens, if the usually cited obstacles to such expansion did not exist (such as budgets).

We would appreciate your answers to the following questions after consulting with the heads and personnel chiefs in the types of agencies listed below, if such a survey has not already been conducted.

I. Assuming *no* limitations in budgets and facilities (including provisions and requirements for recruiting and training new personnel), in which of the following municipal functions do you believe there is a need for at least a 10% increase in services and/or personnel? Please answer in col. 1.

Department or function	Need for increases? (please check if need exists) (1)	Ideal staffing increases (enter number) (2)	Nonprofessional as percent of col. 2 (3)
1. Antipollution enforcement			
2. Education			
3. General administration			
4. Health and hospitals			
5. Highway and/or traffic department			
6. Housing codes and inspection			
7. Library			
8. Police			
9. Fire			
10. Recreation and parks			
11. Urban renewal (or rehabilitation) including model cities			
12. Sanitation			
13. Welfare			
Other:			
(please name)			
(please name)			

II. In column 2, could you provide *estimates* of how many additional personnel would be needed to implement these increased services? Plausible, reasonable estimates are perfectly satisfactory here. We are not insisting on precise to-the-last-man figures.

III. In many of these potentially expanded departments and functions, there is always the strong probability that new professional personnel may not be available in the numbers desired. Partly as a means of solving this type of personnel shortage, some agencies around the country have recently begun to recruit and train (A) men and women without the regularly required advanced preparation to perform those aspects of "professional" jobs which actually could be performed by such men and women. In other departments and functions needing more personnel, the only major reason for not hiring them is simply the problem of inadequate funds, and (B) men and women could be employed in a variety of jobs that are not rigidly professional in nature (for example, playground aides, urban beautification personnel, certain kinds of hospital employees, etc.).

In column 3, would you indicate what percent of the numbers cited in column 2 might consist of these two types, A and B, of new employees? In answering this question, please do not feel constrained by any *existing* budgetary or entrance-requirement limitations. Again, no iron-clad precise percentage is requested here—only your best estimate as to what proportion of these jobs could conceivably be filled by nonprofessional personnel.

Please fill in below, name of city and person responding.

City --
Name --

When completed please return to U.S. Conference of Mayors, 1707 H Street, NW., Suite 606, Washington, D.C. 20006.

Mr. **Gardner**. A public service employment program would not only enable unemployed to earn their own way, it would benefit the general public by the many necessary and useful tasks which would be performed.

Senator **Clark**. I had a graphic example of that. I was walking along the trails of the Fairmont Park in Philadelphia yesterday. The amount of work that could be done on one trail and bridle path to open them up is almost endless. Yet, of course, neither the Fairmont Public Commission or the city of Philadelphia appear to have the funds available to put the people to work. It is not very skilled work.

I think this would be true of many of the areas in Pennsylvania, public lands that are used for fishing, hunting, walking and the like. It is almost endless the number of people you could put to work in a recreational area, this is outside your jurisdiction and more in Stewart Udall's but I am sure you are aware of it.

Mr. **Gardner**. Yes, sir.

It goes without saying that a public service employment program must provide meaningful jobs—not dead end, make-work projects. The employment experience should add to the capabilities and broaden the opportunities of the employees to become productive members of the permanent work force. To place hardcore unemployed in meaningless activities with no future would merely reaffirm their hopelessness and despair. What's more, there is a great deal of meaningful work to be done.

In Dr. Sheppard's survey the greatest number of jobs which could be filled immediately by unskilled and semiskilled persons were in education, followed by police and fire protection, health and hospitals, social welfare, and parks and recreation.

Senator **Clark**. Let me interrupt again to ask Dr. Sheppard how come he put education first. These can't be teachers because teachers have to be certified and go through a college education. What are the areas of education?

Dr. **Sheppard**. There is a broad area of what is called teacher aides, people who can assist teachers so that the teachers can concentrate on the more purely educational functions of their responsibilities rather than a lot of paperwork, the cleaning of blackboards, to use a trite example, playground monitoring, lunchroom monitoring and so on.

Senator **Clark**. Unskilled work inside a school?

Dr. **Sheppard**. Yes, sir.

Senator **Clark**. And in a recreational area?

Dr. **Sheppard**. Yes, sir.

Mr. **Gardner**. The average teacher today, after considerable investment in professional education, carries on quite a bit of unskilled work just because the professional team has not been organized.

Senator **Clark**. I find that is true of politicians, also.

Mr. **Gardner**. Well, it was true of Cabinet members.

All of these fields of public service will have a continued demand for personnel, and all of them have the type of jobs which provide opportunity for advancement from entry level to higher-skill and higher-paying jobs.

Basic education, training, and counseling must, of course, be an integral part of any public service employment program.

I cannot emphasize that point too strongly, Mr. Chairman.

Building training into a public service employment program is essential if persons so employed are to be given the opportunity to advance, either to higher-skilled and better-paying jobs with public agencies or to jobs in the private sector. Therefore, it is not enough to authorize only enough funds to pay wages. Instead, the cost of training and counseling should be included in the public service program, especially since other training funds are already fully committed.

In many instances, it might be desirable to contract with private, profitmaking firms to carry out the training and education. The program should be so designed that this option is available.

A public service employment program should seem to qualify new employees to become part of the regular work force and to meet normal performance standards. This program could have the effect of creating a sizable manpower pool of persons who by actual performance are demonstrating their willingness to work and their capability to perform various work tasks. A man who is working as an auto mechanic for a public works department could move to a job in a private garage. The demand for landscapers is expanding, particularly in suburban areas, so that a person working for a beautification project could put this new skill to work for a private employer. Dozens of occupations are interchangeable between the public and private sector, such as typists, welders, truckdrivers, cooks, draftsmen, painters, and many more. The so-called new careers—teachers aides, nurses aides, laboratory assistants, and others—offer the potential for entry at an elementary skill level with opportunity for advancement. Given proper training, participants in public service employment programs could gain access to a wide variety of other job opportunities.

Senator **Clark**. Mr. Gardner, would you or Dr. Sheppard, comment on how you tie what you have just said into the existing Manpower Development and Training Act, the activity of the U.S. Employment Service, and the various poverty programs? We are doing all that now, aren't we? Maybe not enough of it.

Mr. Gardner. We have been experimenting with every kind of job development, every kind of job training which will have to be an ingredient in this program. It is a great blessing that we have because if this program can be gotten on the books we will have several years of extremely valuable experience behind us in how to train unemployables to move into these jobs. We will have some experience on the kinds of new careers that they can move into.

But all of the pieces of the puzzle which now exist do not add up to anything like this program. This is something on top of what we have done.

Senator Clark. Under the Emergency Employment Act, which we are considering, Secretary Wirtz has responsibility for creating jobs and training. Mr. Wirtz already has the responsibility for the Manpower Training and Development Act.

I wonder, Dr. Sheppard, whether your investigation in this area would indicate whether the Department of Labor is the right place to put the responsibility and that in many ways the new job program would have to be a part of the Manpower Training and Development Act.

Dr. Sheppard. I think with all the experience that the Department of Labor now has accumulated it is wise to keep it there, this new type of program. But I see the main brunt of the action taking place at the local level, with city halls and so on, and the Labor Department does have a direct contact and contracts with those agencies.

I do not think we should fragment it, however, by, say, putting it in the Department of Urban Affairs because we are dealing with urban jobs.

Senator Clark. I think that is right. I am concerned, however, about having available training skills at the lower level. As you know, the technical vocational school is where one of the bottlenecks is going to be. They don't have enough people to do the training.

Dr. Sheppard. I think it opens up a whole new can of worms about how quickly you can get the jobs we are interested in. You will have to create a new cadre of trainers and new skills. As part of the package we will have to implement a program of training new trainers. There is no question about that.

Senator Clark. One thing that concerns me is the somewhat discouraging incidents we run into in this way in the subcommittee in checking up on these activities where all too often the training course in MDTA are held for individuals which, when once trained, there are no jobs available for them.

This administrative snaffu discourages us in getting the program underway. When we were in Mississippi a year ago we ran into a splendid antipoverty program which had been farmed out to the Department of Labor under MDTA. They were teaching field hands that had been let out from their plantation work, cotton plantation, to read and write. They were hopeful inside a year they could bring them up to the fifth grade level.

But it was really a sad thing because there were no jobs available until they reached the 10th-grade level. In a sense the training was socially useful from a welfare, compassionate, humanitarian point of view but these men, 30, 35, 40 years of age, could not get a job when they were through. This bothers me very much. Do you have a comment on that?

Mr. **Gardner**. It seems to me that measures should be taken to coordinate this program with the existing training programs of which, as you know, there is a considerable variety and some of which are advisably training people in fact for jobs that do not exist.

Here the jobs will be created and it will be extremely valuable to provide the linkage, acquire the linkage, which means that existing training possibilities were turned toward the kind of training that is appropriate to the job at the end of it.

Senator **Clark**. It started off pretty much as an emergency. It was thrown together. I am sure you know from your own experience the difficulties of coordinating the educational aspects of the HEW with the manpower training aspects of labor.

Mr. Smith has just handed me a note which says 1,062,000 individuals were trained under all the various manpower training programs in 1967 including MDTA and the Economic Opportunity Act.

Do we have any idea as to how many of them have jobs?

Mr. **Smith**. There are no hard figures.

Mr. **Gardner**. I would just say that the coordination of these multiple efforts will be greatly enhanced if Congress requires it.

Senator **Clark**. I would agree with you that it is the Congress duty to set the program up with some reasonable standards. It is up to the administration. We have to continue our effort to do what we can to make sure it is operating efficiently. That is about all we can do.

Mr. **Gardner**. I would mention, by the way, in connection with the training, an earlier paragraph which I read indicated it might be desirable to contract with private profitmaking firms to carry out the training and education. This could be very important because it is quite possible that the efforts we are now thinking about will swamp present training possibilities.

Senator **Clark**. What is your view as to the availability of such private profitmaking organizations to do this work?

Mr. **Gardner**. There are a few which have had considerable experience with it. A number have run job corps programs. I think, for example, of Science Research Associates, a subsidiary of IBM, which has run a job corps program and has engaged in every kind of training. SRA is quite familiar with large-scale training efforts.

Senator **Clark**. Bell Packard is another one.

Mr. **Gardner**. Yes.

Funds for public service employment should be made available to local and State governments, nonprofit institutions, and Federal agencies able to demonstrate their ability to use labor productively. This must be done without reducing existing levels of employment or undercutting existing labor standards or wages which prevail for comparable work or services in the area. Consistent with this principle, a State or local government should be able to contract with a private firm hiring the hard-core unemployed to perform public services. This, after all, is a common pattern for public works activities.

We often hear recommendations that the Federal Government should be "the employer of last resort." With our existing tax structure, Federal funds should be the major source of financial support for public service employment, but the actual employer should be

State and local governments, nonprofit organizations, and private firms under contract.

In other words, we should not read the phrase "the employer of last resort" to mean that the Federal Government itself should be the employer.

Senator **Clark.** You think it has to be farmed out?

Mr. **Gardner.** That is our conviction.

The establishment of a minimum wage is important so that persons working in public service employment will be able to support their families.

The operation of the program should be keyed to specific, localized unemployment problems and focused initially on those areas where the need is most apparent. This means that the program should have considerable flexibility, encouraging local initiative and easy adaptability to varied communities. In a city with a tight labor market and many unfilled industrial jobs, a public service employment program might concentrate upon those occupations where workers could gain the experience which would rapidly qualify them for those existing jobs. In a locale with higher rates of unemployment, public service employment might have to be longer term. Another city might want to give particular attention to improving the bad housing and wretched environmental conditions which plague the poor. There should be no single, made-in-Washington pattern.

As our name implies, we are concerned especially with the needs of urban areas. It is plain to all thinking Americans that the urban crisis comes to focus particularly in the ghettos. This has been made all the more clear to us by the recent, excellent report of the President's Advisory Commission on Civil Disorders. The executive committee of the urban coalition has strongly endorsed this report and has commended it to the Nation's citizens and leaders for study and action. Since you are all familiar with the report, I will quote only one passage:

"What white Americans have never fully understood—but what the Negro can never forget—is that white society is deeply implicated in the ghetto. White institutions created it, white institutions maintain it, and white society condones it."

Senator **Clark.** That statement has been under great criticism by some pretty eminent people in public life. But you stick to it, do you?

Mr. **Gardner.** Yes, sir.

It is now urgent that the Government of all the people of the United States do something about it. As the advisory commission recommended, employment should be at the top of the agenda.

That is not to say that a public service employment program would be for Negroes alone. Many persons with Spanish surnames suffer unemployment. And in all national statistics the majority of the unemployed are white.

Senator **Clark.** I think we have to add a footnote to that, that the Amercian Indian and American Eskimo are both in the minority groups that would benefit from these training programs.

Mr. **Gardner.** Yes, sir.

Nor should a public service employment program be only for urban areas. Although the greatsst concentration of unemployment and the most explosive situations are found in urban ghettos, the highest proportion of unemployment among residents of a community are found in rural areas. If persons cannot find work in South Carolina, they move to Washington, Philadelphia, or New York.

Those unemployed in eastern Kentucky head for Pittsburgh, Cleveland and Detroit. Those without jobs in the Mississippi Delta migrate to Chicago. The jobless in the Rio Grande Valley move to Texas or California cities. Indeed, the cities and the rural areas alike will benefit if a public service employment program is both urban and rural.

Senator **Clark**. What is your view as to whether the private employment part of what you advocate coluld also be conducted in rural areas by movement of industry into such areas? Is that just a pipe dream?

Mr. **Gardner**. No, sir. In fact, I believe that over the next 20 years we will be engaged in very serious, long-term efforts to reexamine the pattern of population in this country and the ways in which it is concentrated or could be dispersed. This will involve a good deal of attention to the location of industry.

As I have studied S. 3063, the proposed Emergency Employment and Training Act of 1968, I find that the bill is in basic accord with the principles I have described. The main shortcomings seems to be the speed with which the objective of one million public service jobs is achieved. In the bill, this level would not be attained until the third year. It seems to me that this pace should be accelerated so that 500,000 jobs are made available the first year and a total of 1 million the second year. We are in a period of great urgency and should stretch both our fiscal and administrative capacity to utmost.

Senator **Clark**. I agree with you, Mr. Gardner, our problem is a fragmented one as to how big a program we can possibly get through the Congress.

Mr. **Gardner**. Yes, sir.

In conclusion, I reiterate the plea of the emergency convocation held last August which called upon "all Americans to apply the same determination to these programs that they have to past emergencies. We are confident that, given this commitment, our society has the ingenuity to allocate its resources and devise techniques necessary to rebuild cities and still meet our other national obligations without impairing our financial integrity. Out of past emergencies, we have drawn strength and progress. Out of the present urban crisis we can build cities that are places, not of disorder and despair, but of hope and opportunity. The task we set for ourselves will not be easy, but the needs are massive and urgent, and the hour is late. We pledge ourselves to this goal for as long as it takes to accomplish it. We ask the help of the Congress and the Nation.

Senator **Clark**. Thank you very much, Mr. Gardner, for a splendid and very helpful statement.

I just have two questions. Did your group give any consideration to the desirability of a guaranteed annual income and some other method such as the negative income tax?

Mr. **Gardner**. I would like to ask Ron Linton to answer that since that was before my arrival.

Mr. **Linton**. Senator, there was in August some discussion about guaranteed annual income but at that time the semantics of the problem were such that it was left out of the final statement.

Senator **Clark**. I love your phrase "the semantics of the problem." You had better elaborate on that.

Mr. **Linton**. We weren't sure that everybody understood the terminology the same way. Since we had a very short period of time to prepare a statement for the convocation in August, rather than to dwell on this particular aspect, since we had an agreement in the field of employment, in the field of housing, in the field of education, it was decided to let this one stand with a rather ambiguous phrase.

Senator **Clark**. Maybe you felt, as I so feel now, that the country is not ready for it.

Mr. **Linton**. The coalition, I think, at that time felt that it was not prepared to examine or to take a position on it. But basically I think, Senator, this is because of inability to understand precisely what the guaranteed annual income means.

Senator **Clark**. I think a lot of people still think it is essentially un-American.

Mr. **Linton**. That may be. I personally don't take that view.

Senator **Clark**. I wonder if you three gentlemen could, put on the record your own thinking, not representing the urban coalition as to whether a guaranteed annual income or a negative income tax, or some method of putting money into the hands of the poor without their working for it, is a useful alternative to consider either together with the jobs or instead of the jobs?

I do not want to put any one of the three of you on the spot, but it would be helpful to me if you could give us the benefit of your own personal thinking.

Mr. **Gardner**. I would be glad to comment on that, Senator.

In my own case I would like to wait to see what Ben Heinneman produces in his task force and guaranteed income and other income maintenance measures.

Senator **Clark**. Perhaps you had put on the record just what that task force is, what its objective is, and what it is composed of.

Mr. **Gardner**. This task force is a Presidential Commission, I suppose, announced last December at the time, I believe, of the signing of the social security measure. Ben Heinneman, a very distinguished American from Chicago, was asked to chair this Commission and to examine all of the various income maintenance measures centered around this phrase "guaranteed income," and to reexamine the welfare system and come up with some conclusions.

Since this is underway, my own inclination is to wait to see what they come up with. I think that a year and a half ago a few economists were putting forward a relatively simple, relatively uncomplicated version of this which was very appealing to a good many people. I think in the year and a half since there has been such vigorous argument among economists themselves as to the terms in which a guaranteed income was feasible that it has been quite confusing to the rest of us. That is the reason that a good many of us are inclined to reexamine the whole concept.

Dr. **Sheppard**. Would you like to comment on it?

Senator CLARK. Before Dr. Sheppard gives his view, you have had pretty wide experience, Mr. Gardner, with our welfare programs which have been under great criticism, much of it, I guess, justified.

What would be your view as to what anyone should do about the present system of welfare which, at least superficially, seems to be bogging down in greater expense all the time without any comparable return from the enormous efforts which we put into it?

Mr. GARDNER. It seems to me that there is no simple, no easy solution. There are a variety of measures which could be taken, some have been taken, which could vastly improve the situation.

I, as you know, am not in agreement with the "freeze" which was proposed last year and passed.

Senator CLARK. Nor am I.

Mr. GARDNER. I was not in agreement with the measures which made work compulsory for mothers with small children. There are a variety of practices in most welfare programs as locally administered now which are very damaging to the dignity of the individuals receiving the funds. This can be corrected and very readily corrected if people are willing to revise programs in ways that take that into account.

But the most significant thing, in response to your question, has to do really with the job situation and the training situation. The creation of jobs under the program which we are now discussing could have a very considerable impact on the welfare situation. In fact, considering welfare aside from training and welfare and training aside from jobs has always been a fruitless and ineffective way of going about it.

Senator CLARK. Do you remember the famous speech of Joe Califano made indicating hardly anyone on welfare was ablebodied and able to work and that you could not solve the welfare problem by putting welfare recipients on any kind of work. Too many of them were mothers with large families. There was a very real social question as to whether a mother should not stay home with her family rather than putting children in a day nursery, so that she could go to work.

We find in New York City, for example, that despite a continuing period of prosperity the welfare roles are going up all the time.

Frankly, I don't understand it. Do you have any comment on that?

Mr. GARDNER. Well, there are a variety of explanations. Partly, migration has swelled the welfare roles in the States that are now experiencing this rise.

I look, for example, at the growth in the welfare roles over the past 15 years in six States of the Deep South as against the rise in the aid to dependent children in New York and California. In the six States of the Deep South in those 15 years, this was about 1952 to 1967, there was a 30-percent increase in the aid to dependent children. In New York and California there was a 300-percent increase in those 15 years.

I believe a good deal of this is due to migration and nothing else. But we also have to recognize what every expert on welfare has been telling us for a good many years and that is that existing welfare programs did not take care of all people who were poor or all people who needed welfare. There were many who were eligible who were not receiving welfare, many who did not even know they were eligible for welfare.

The very active efforts in the poverty programs have produced the awareness in a good many people that they were in fact eligible and they have come in and applied.

Senator **Clark.** Thank you.

Dr. Sheppard?

Dr. **Sheppard.** Senator, first of all, as a social scientist I would like to see some agencies on a limited basis try some experience in determining what would be the effects of an income maintenance program in a given area. If I am not mistaken, OEO might be doing that in a limited area. They have not publicized it.

We too often argue about legislation on a broad scale sitting in our chairs rather than trying on a limited experimental basis some new idea before we universalize it.

Secondly, I think I won't wait for the Heinneman Commission to come out and put myself out on a limb by saying that certainly for the types of people you have just been describing, mothers with large numbers of children, and the aged, I don't think we should debate forever whether or not they should have some kind of decent income guaranteed to them.

In the case of such mothers you and I both agree that they need some good education in family planning.

Senator **Clark.** Yes, and I always stress that whenever we get a chance. It does seem to me that as the OEO testified in connection with the poverty bill last year, you get a higher return for a dollar spent on family planning than any other aspect of the poverty program.

Dr. **Sheppard.** Mr. Gardner knows that too, because some of the basic data were used in the material discussing that before your subcommittee came from analyses done by HEW in terms of the cost-benefit analysis.

Senator **Clark.** Let us get Mr. Gardner's nod on the record.

Mr. **Gardner.** I am a strong proponent of effective family planning programs and particularly because of their impact on health considerations. The cost-benefit studies done in HEW indicate that you can more effectively improve health in the ghetto areas through this measure than almost any other.

Senator **Clark.** Do you find a good deal of resistance to education and utilization of family planning methods? We found some down in Mississippi where an extremely competent, able Negro doctor testified in opposition to family planning as part of the poverty program. I think he was concerned that it might be a rather subtle form of genocide.

Mr. **Gardner.** No, we do not find that. As you know, in the Department of Health, Education, and Welfare the situation in which family planning advice is offered is not a situation of doctrinal debate but the context of medical advice in which a qualified physician is providing assistance to someone and that assistance is usually welcomed.

Senator **Clark.** One difficulty, of course, I thing even in our own slum areas is the lack of sufficient skilled personnel to explain and introduce family planning principles and procedures. You are aware of how an old Indian experiment tends to break down because there are not enough people around to instruct them in either the pill or the loop. Is that not also a problem in some of our urban slums?

Mr. GARDNER. Indeed it is.

Dr. SHEPPARD. It is another source for public service employment, I might add, Senator. If we had your bill we could be hiring people for that purpose.

Senator CLARK. I noticed in Pakistan, and I don't say this in a light vein at all, they were employing a large number of young unmarried women to disseminate the information. I don't know whether that would be socially acceptable in this country or not. But clearly the necessary skill is readily easily acquired, is it not?

I don't think we are ever going to get enough doctors or nurses to do it. You are shaking your head. I assume you are saying you approve.

Dr. SHEPPARD. I agree with that.

Senator CLARK. Dr. Linton, may we hear from you on the guaranteed annual income?

Mr. LINTON. Mr. Chairman, I will note that in 1963 I was signatory to a document issued by the ad hoc committee on triple revolution which I think was one of the first groups in recent years to call for a guaranteed annual income. I see no reason to deny my signature on that report at this time.

Senator CLARK. In other words, you believe in it?

Mr. LINTON. I believe in it.

Senator CLARK. Do you share my skepticism as to whether it is completely feasible?

Mr. LINTON. I think it will be difficult to achieve particularly in the context of the document we issued which called for a reexamination of what we describe as work. That call brought the most violent reactions in newspaper editorials to suggest that there was some other definition for work than what we now consider to be toil or something associated with something hard to do, brought more negative reaction than suggesting the guaranteed annual income.

Senator CLARK. I have two other questions. I guess you would agree, Mr. Gardner, that to make this emergency job program successful almost requires something pretty close to full employment. At the least we cannot afford a recession if we are going to expect private industry to help out to the massive extent of job openings necessary; isn't that correct?

Mr. GARDNER. That is right.

Senator CLARK. Anything that would slow down the economy would be counter productive in terms of jobs now.

Mr. GARDNER. There is no question about it. This is even more true of the efforts of the National Alliance of Businessmen. Those efforts could be washed out very quickly if there were a recession.

Senator CLARK. I am scared too, I don't know whether you are, that the economic future is far from clear, particularly with the monetary and fiscal problems and the possibility of inflation eating up the savings. I suppose to some extent you share that concern, don't you?

Mr. GARDNER. Yes, sir.

Senator CLARK. Finally, can you spell out for the record a little bit more about the future activities of the Urban Coalition. What are your procedures, what are your programs, what are your plans for making your group continuously effective?

Mr. **Gardner**. The first point that I would stress about the Urban Coalition is its coalition character. There are all kinds of organizations concerned with the cities. The unique character of this organization is that it is a bringing together of all of the various leadership segments in our national life. Leadership segments, particularly at the local level have not been in productive conservation with one another, the mayors, labor leaders, industrial leaders, minority leaders, religious leaders.

The second point I would stress——

Senator **Clark**. You would also include, I would suppose, commercial enterprises? This is not just industry.

Mr. **Gardner**. No; business. The second point I would stress is the fact that this organization is not intended to supplant any other organization. It will supplement all others. It will consider that any group in the institution, any organization working with the cities, is an ally and we are prepared to work with all the special interest groups that are doing constructive work on the cities. We will hope to coordinate their efforts.

The third point that I would stress is the grassroots movement which we are going to undertake. We are starting these local coalitions. We will extend them and we will make every effort to create at the grassroots a concern and a leadership and an initative which has not been effectively present to date.

If you compare the level of initiative and activity in Washington, the extent to which programs have been produced, and then other programs produced on top of them and still other programs, and then examine the extent to which these various segments of local leadership have taken any hand in making those programs effective, you will see a very marked disparity.

We hope to bring local leadership into the picture far more effectively than ever before.

Senator **Clark**. One of your more difficult tasks must be to ascertain what a consensus among your committees is and how far you can go without the finding that you are having the thing split up. It is no easy task to get the various categories you outlined to work in harness.

Mr. **Gardner**. It is not easy. It is not easy nationally and it will not be easy locally. But when it is accomplished, even on a modest basis, that is even when you find a modest piece of ground on which all of these people can stand, it is an immensely powerful and effective thing and brings the kind of unity of action that does not have any parallel, really, in our national life.

Senator **Clark**. There is no doubt about that.

How well are you staffed to do this? I should think you would have to have a pretty big staff to get this done. To what extent are you in constant touch with your executive committee and steering committee? How active are the various businessmen who are on the committees?

Mr. **Gardner**. The members of our steering committee and our executive committee are deeply interested in this and prepared to lend their energies and their time. But it is perfectly clear that for men that busy, an effective functioning staff is necessary, and to date it has not been possible, because of financial and other limitations, to build that staff.

We now have the prospects of financial support which will make it completely possible and we are building a staff, in fact.

Senator CLARK. Will that be foundation support?

Mr. GARDNER. We will get some very substantial support from the Ford Foundation. We will match this with support from industry and other foundations.

Senator CLARK. I have no doubt the Carnegie Foundation will be in it, too.

Mr. GARDNER. Well, I think they may.

Mr. LINTON. Senator, in the period from August until Mr. Gardner became chairman, you and others would be amazed at the amount of time which participants on the coalition steering committee gave to the coalition. We had a staff that amounted to only two or three paid people and a half dozen other borrowed people. Men like Andrew Heiskel of Time, Inc., spent enormous amounts of their personal and business time on the coalition. Hardly a day went by when we weren't in telephone conservation, hardly a week went by that he didn't have two or three meetings.

This was true of the mayors that were involved, very much involved to the point that one said he would have to cut it out because he was getting in trouble at home.

I think you would be amazed to know the amount of personal time that men like Heiskel, David Rockefeller, Henry Ford, Arthur Flemming, and Walter Reuther and others put in on the coalition in the several months after the convocation.

Senator CLARK. That is encouraging. I want to thank each of you gentlemen for the real contribution you made, particularly you, Mr. Gardner. I wonder when you give us the listings of those 33 local urban coalitions if you can give us some indication of the extent to which they have paid staff. This is very important.

Mr. GARDNER. Yes, sir.

Senator CLARK. Senator Javits unfortunately could not be here today. He is keenly interested in your testimony, Mr. Gardner. He was very disappointed he could not be here. He has sent in some questions which may or may not have been answered. I have asked the very able staff assistant, Mr. Patricelli, to see if there are any of those questions which should be asked. If so, ask them.

Mr. PATRICELLI. Gentlemen, briefly, the Senator has asked me to convey his regrets he could not be here and he sends his personal regards to Mr. Gardner.

As you may know, he has been interested for some time in the idea of creating a group at the national level which would provide technical assistance to the various private groups at the regional and local level to help them engage in antipoverty and antislum activities. He has felt that right now the willingness of business and private groups to enter into this field exceeds their information about how to do so and that some kind of technical assistance group would be most useful.

At present, however, there are several such groups springing up in many different cities.

There is some degree of confusion as to where the businessman should turn or on whose board he should serve. Do you think it would be useful to consider placing a legislative base under, and perhaps some Federal money on a relatively no-strings-attached basis into, a national technical assistance group of the type I am describing?

Mr. GARDNER. I think it would be very useful. I haven't the slightest doubt about it. The need for filling this technical assistance function is just as clear as anything can be. There are people all over the country today who are, in fact, trying to find the kinds of answers which such a group could give.

If no such move is made, the Urban Coalition will have to try as best it can, with its limited resources, to serve as a clearinghouse for technical assistance of one kind or another, not that it would set itself up to do a technical assistance job, but it would try to serve as a clearinghouse in a communication link so that it could put those who need the information in touch with those who have the resources of information. Of course, there are such today.

A number of the Government agencies have, in fact, technical assistance functions, although they do not put as much time and effort into them as they might. Some universities, some groups such as Rand and others are resources in this respect, but my view is that an effort of the sort described by Senator Javits would be very fruitful.

Mr. PATRICELLI. Have you had the opportunity to study the Economic Opportunity Corporation proposal and do you think it is properly drafted to serve this kind of need, or do you think there are changes which you would like to suggest?

Mr. GARDNER. I have had the opportunity to examine it only briefly. But in my opinion it is a good proposal.

Mr. PATRICELLI. I wonder, Senator Clark, if when Mr. Gardner has the opportunity to study it further he would be willing to submit comments for the record.

Senator CLARK. I will leave that up to him.

Mr. GARDNER. I will be glad to do so if on further study I have other comments, although I must say that my present reaction is favorable.

Mr. PATRICELLI. Mr. Gardner, another question. How might the Congress facilitate the work of the urban coalition? For example, would it be useful for Federal legislation to be drafted so as to allow grants to a nonprofit national organization such as the coalition to provide technical assistance or to allow it to dispense seed money?

Mr. GARDNER. No, I think that this would not be necessary. I do not think of the local organizations as operating bodies. There is a multiplicity of operating organizations at the local level, some of which would certainly be useful objects of such funding or could provide the base for a technical assistance operation. Local coalitions might very well take the initiative in spinning off a local technical assistance operation, but I would not think of the coalitions as themselves a network, a technical assistance network.

Mr. PATRICELLI. A question for Mr. Sheppard. Mr. Sheppard, Was your survey conducted strictly with city agencies, public bodies?

Dr. SHEPPARD. It was sent to mayors, Mr. Patricelli, of the 50 largest cities over 100,000.

Mr. PATRICELLI. In that case, isn't it true that it represents the ability of city governments to provide employment for persons in the job areas treated but it does not necessarily represent the priorities for service needs?

Dr. Sheppard. We did not ask the mayors to rank them, if that is what you mean, that is true.

Mr. Patricelli. But you would expect that other areas that might not now be receiving city action might spring up as having a high priority for service needs—such as neighborhood rehabilitation—if different persons or groups were asked?

Dr. Sheppard. Yes, sir.

Mr. Patricelli. Mr. Gardner, you suggested that one available means of increasing the effort in the urban filed would be for Congress and the executive branch to undertake budgetary cuts in the lower priority areas. There have been several such suggestions, Senator Clark made one last week, as to how this might be done. Would it be appropriate for the Urban Coalition to suggest low priority areas and budget cuts in its position as an objective and neutral group and to submit those to the Congress?

Mr. Gardner. I don't think that is a very appropriate thing for use. In a coalition which involves such disparate elements we have to be extremely disciplined about the things that we want to try to seek consensus on.

In fact, we have had extraordinary success so far in finding a few big, central, terribly important things to on which we could build that consensus. I don't think we want to add to that list without giving great attention to the priorities. I think there are other things that would claim our attention before this kind of effort.

Mr. Patricelli. Just two more questions. You made reference to the need for funding public service employment programs through State and local government. Of course, you have had a great deal of experience in the Department of Health, Education, and Welfare with State plan arrangements and I know that you have done a good deal of thinking about creative federalism. What kind of role for State governments do you think would be advisable in a new employment program of this type? Would you advocate any kind of limited State plan or arrangement for some percentage or all of the funds involved?

Mr. Gardner. I would not like to see a State plan that involved all of the funds. I think the pattern outlined, as I remember it, in the Javits' bill was in fact quite a workable arrangement. Am I correct in thinking 40 percent of the funds?

Mr. Patricelli. Yes.

Lastly, would you care to make any general comments about the bill which Senator Javits and 75 other Republicans introduced last week or would your prefer to submit more detailed comments for the record later?

Mr. Gardner. I would prefer to submit comments for the record because I would like an opportunity to study it further.

Senator Clark. That may be done.

Mr. Patricelli. Thank you, Mr. Chairman.

Senator Clark. Thank you ever so much, gentlemen.

The subcommittee will stand in recess until Wednesday at 10.

(Whereupon, at 11:25 a.m., the subcommittee recessed to reconvene at 10 a.m., Wednesday, April 3, 1968.)

EMPLOYMENT AND TRAINING LEGISLATION—1968

WEDNESDAY, APRIL 3, 1968

U.S. Senate,
Subcommittee on Employment, Manpower,
and Poverty of the Committee on
Labor and Public Welfare,
Washington, D.C.

The subcommittee met at 10 a.m., pursuant to recess, in room 4221, New Senate Office Building, Senator Clark (chairman of the subcommittee) presiding.

Present: Senators Clark, Pell, and Prouty.

Committee staff members present: Stewart E. McClure, chief clerk; John F. Forsythe, general counsel; Eugene Mittelman, minority counsel of the committee; William C. Smith, counsel; Michael W. Kirst, professional staff member; and Robert Patricelli, minority counsel of the Subcommittee on Employment, Manpower, and Poverty.

Senator Clark. The subcommittee will resume its hearings.

Our first witness this morning is the Honorable James H. J. Tate, mayor of Philadelphia and chairman of the National League of Cities.

Mayor Tate, we are very happy to welcome you here today. You have a well-deserved reputation for being well versed in all of these problems of poverty, emergency employment, and we are very happy to have your views.

I see you have a prepared statement which you perhaps would like to read.

STATEMENT OF HON. JAMES H. J. TATE, MAYOR OF PHILADELPHIA AND CHAIRMAN, NATIONAL LEAGUE OF CITIES, ACCOMPANIED BY RICHARD OLANOFF, MANAGING DIRECTOR FOR EMPLOYMENT; AND PATRICK McLAUGHLIN

Mayor Tate. Yes, sir.

Senator Clark. Please proceed. We will have the entire statement printed in full in the record.

Mayor Tate. Thank you, Senator.

I am pleased, of course, to address you as the chairman of the Subcommittee on Employment, Manpower, and Poverty in these times when the eyes of the Nation are on this particular subject.

I do thank you for the courtesy of appearing before your subcommittee and inviting me here today, especially after we have had such a successful enterprise in Pennsylvania last night and on both ends of the State, both in Pittsburgh and Philadelphia, which I trust will be to your advantage.

I appreciate the fact that you have invited me as the mayor of a city of which you had the honor of leading just 15 years ago and which, of course, you sparked to a program of reform and renaissance which has redounded to our credit.

I come to the committee today as the mayor of Philadelphia, which is the fourth largest city, and also as the president of the National League of Cities which represents close to 15,000 municipalities across the Nation.

Senator CLARK. Those are all sizes, aren't they?

Mayor TATE. That is correct. We refer to them as the cities, the boroughs, the townships, and the villages.

We would like also to refer to them as the big city where most of the problems are. I am also on the Steering Committee of the National Urban Coalition with whose program I am sure you are now acquainted.

We, also, in Philadelphia, have organized the Philadelphia Urban Coalition.

Senator CLARK. Let me interrupt you to say that we had some perfectly splendid testimony the day before yesterday from John Gardner, the former Secretary of HEW, and now the Chairman of the National Urban Coalition. He told us that local urban coalitions had been organized in some 33 cities and undertook to send us a list of the names and numbers of the players.

Do you have them in Philadelphia?

Mayor TATE. Yes, sir, we do. I am happy to say we organized as early as February 15. We have now developed what are known as task forces which are very actively engaged in the entire program in Philadelphia.

Senator CLARK. Can you give me in very general terms the nature of the leadership, civic, labor, business, and the like?

Mayor TATE. The leadership follows the pattern of the urban coalition and the convocation which was organized in August 1967.

At that time by men like Henry Ford, Walter Reuther, and Mr. Randolph, Bayard Rustin, Whitney Young, and so many others that were engaged in the leadership in the educational field and religious field, and we had the same kind of leadership in Philadelphia which has engaged the attention of the business leadership as well as of labor and of the people in the disadvantaged areas.

Senator CLARK. Can you give me a few of the names of the leaders? I don't mean all of them. You know I come from there, too.

Mayor TATE. I understand. Our original convocation was chaired on several occasions by Dr. Gladfelder, chancellor of Temple University; and Dr. Bruce Waldon, associate with our manpower program.

Both of them are representatives but they work very close with us in this kind of thrust in the community.

We have some of the younger element among the Negroes and the disadvantaged poverty areas who are working very actively with us.

Some names that people would not very well remember but they are active in the Philadlephia program. We have, of course, the labor people headed by Mr. Kelly and Mr. Touhy, and men like Mr. William Ross, who is very active.

As a matter of fact, Mr. William Ross has already sent contributions to the program.

Senator CLARK. That is the International Ladies Garment Workers Union?

Mayor TATE. That is correct.

Senator CLARK. How about the businessmen?

Mayor TATE. The utilities have organized a finance group which is now raising money to support the modest budget of some $55,000 which we think is necessary.

Senator CLARK. Do you have a full-time executive director?

Mayor TATE. We do not yet but it is now being handled by the Office of the Development Coordinator which is headed by Mr. Philip Coladner, who is the son of Judge Coladner, of the circuit court of appeals, and they are doing a very good job.

This program is well underway with task forces on employment, one on education, one on the summer program which is developing quite rapidly and one, of course, on the problem of housing which is engaging most of our attention right now.

Senator CLARK. Is there a policy group board of directors and is there a president?

Mayor TATE. We have not organized as such yet. It is still on an ad hoc basis.

Senator CLARK. Do you coordinate very closely with the poverty program and community action people?

Mayor TATE. Yes, sir; they are actively engaged in it. As a matter of fact, at the time of the convocation in Philadelphia a great deal of the exposure to the problems of the big city was organized by the poverty groups at the hub areas.

The business people themselves, of which there were close to some 500 of them that attended, went out on bus tours and were very much impressed and sometimes shocked with some of the conditions that confronted them.

Senator CLARK. I would appreciate it if you would have Mr. McLaughlin or one of your other assistants send down for the record a statement of the membership of the Philadelphia Urban Coalition.

Mayor TATE. We will be happy to do that. In fact, we are quite proud of our efforts.

Senator CLARK. Perhaps it would be very well for the record since other Senators will be reading this record, if you introduce your colleagues.

Mayor TATE. I might say to you, also, it is my privilege to serve with the steering committee for the National Urban Coalition and very recently in New York at a meeting with Mr. Gardner and Mr. Heiskell we developed some of the testimony which was presented to your committee the day before yesterday.

For the record, I would like to present with me, today, our staff people in Philadelphia who work very actively in this program, Mr. Patrick McLaughlin, who, of course, handles our Federal program in Washington and who works very closely with me at the National League of Cities, and Mr. Richard Olanoff, deputy managing director for employment in Philadelphia, a new position which we created because of the great success he had with the job opportunity program last summer in Philadelphia.

Senator CLARK. I also see my old friend Mr. Patrick Stanton sitting over there. Did he come down with you?

Mayor TATE. He came down today and I do say, proudly, for the record, we are very happy to have Mr. Patrick Stanton associated with us.

④

I would like to say that I do agree that there is a problem of the disadvantaged and unemployed, the hard-core unemployed who lack the education, the skills, the previous work experience and even the drive or the motivation to keep on trying to find work in the face of defeat after defeat. This problem is at the very heart of the crisis that faces America today both in the cities and in the rural areas.

You, Senator Clark, made a very clear presentation on the floor of the Senate when you introduced your bill last February 29.

At that time, you noted that as of September 1966 there were 4.4 million able-bodied, working-age Americans who were jobless, and we have substantial reason to believe that the total number is about the same today.

At that time, you further noted that the best estimates of available jobs for people with required skills is about 2 million. This leaves us with the unhappy fact that in the United States today there are some 2.4 million persons who are able and willing to work but for whom no jobs exist at all anywhere in this country.

There have been, it is true, a number of meaningful programs developed over the past 5 or 6 years by the Federal Government, including manpower training courses and on-the-job training programs but their total capacity regretfully falls far short of the total need.

In Philadelphia, for example, during 1967, there were a total of perhaps 6,000 disadvantaged persons who were helped either by a formal training program or an on-the-job training opportunity, but in the same year more than 8,000 disadvantaged youngsters dropped out of school before completing their education. It is an unhappy fact that most of them will inevitably swell the rolls of the unemployed sooner or later.

I might say this is a very conservative figure in checking with our board of education staff people only last week.

Last year, they issued some 2,500 worker permits for the kids who just turned 16 years of age and they say at the age of 17 there are some 4,000.

So it gives you a pretty good idea how conservative it is.

Senator Clark. What is a work permit?

Mayor Tate. If you are 16 years of age you are not permitted to work unless you get a work permit.

Senator Clark. Is that the child labor law?

Mayor Tate. I beg your pardon?

Senator Clark. Is that the child labor law?

Mayor Tate. It ties in with the compulsory school law which we have in Pennsylvania. You add to this imbalance the unknown number of poor, unskilled migrants who unhappily found their way into the ghettos of our cities from the poverty areas of rural South or the ghettos of other cities.

Senator Clark. Do you have any statistics which would indicate how much inmigration from the South is coming into Philadelphia?

Mayor Tate. We don't have any accurate figure, sir. We don't have any registration program in that respect.

Senator Clark. I suppose in terms of adults maybe the best way to check this up might be through political organizations trying to get people registered.

Mayor Tate. I would say so. There have been some efforts to do that but in this time of freedom we do not accept the fact that this is a proper course because it is like regimentation in some way. We would like to welcome them to Philadelphia, as you know.

Senator CLARK. I think we could welcome them into the Democratic Party and coach them on the liberal concept of government.

I would like to suggest to your deputy managing director that one of the figures that would be most useful to this subcommittee, and I understand how hard it is to get it, would be some credible estimate of the amount of inmigration.

What we are trying very hard to accomplish is to create employment opportunity in rural areas so that these people won't keep swarming into our slum areas.

I am sure from the point of view of your manpower and employment problems in the city it would be very useful for you to know the extent of this inmigration.

I understand why it is very difficult to get those figures but they would be very useful.

Mayor TATE. Senator, as you know, the last census missed a great number of the people who lived in the ghetto areas because of the problems of the redtape.

Senator CLARK. They are lost souls, they weren't included.

Mayor TATE. These people drift about and they move from one address to another. Congressman Green in the House has introduced legislation to require a separate census on a 5-year basis on this particular problem.

Senator CLARK. Mr. Smith just suggested to me that another way of checking on it might be in connection with the welfare program, public assistance, if you were able to get something on the application form which would indicate how long the people had been in the area.

Mayor TATE. I agree that that is possible, but they are very careful about these figures. Only recently we obtained information from the Board of Public Assistance in Philadelphia. There were 51,000 children who were what we call aid to dependent children, which gives us a pretty good idea of what we had to do in our summer program.

But they are very jealous of their statistics and quite frankly it is very difficult to get them. We are making every effort to get it from them.

Senator CLARK. Can you break away from your prepared text for a moment, Mr. Mayor? Please give me the benefit of your judgment as to whether you are going to be able to get from the Federal Government financial resources to mount the kind of summer program which I am sure you and I agree is essential if we are going to minimize the risk of trouble this summer?

Mayor TATE. We don't think so. We are going to rely to a great extent on the summer program which has been instituted principally by our youth coordinator, Mr. Charles Bowser. We have set a goal in cooperation with the National Alliance of Businessmen for some 12,000 jobs. Even with the very ambitious thrust we have made which will involve the employment of some 8,000 youth at the public sector, in the recreation department and other levels, and while we have recevied a planning grant of some $60,000 from the Federal Government, which is being matched up with city funds, it is unlikely that we can obtain sufficient funds from the Federal Government. We have hopes of getting some of the poverty money to supplement it before June 1.

We need in our program, of course, $4 million, at least one-half of which will be supported by the Philadelphia business sector. We are now raising funds for this kind of money.

Senator **Clark**. Of course, if we could get this emergency employment bill through and get it funded by the Appropriations Committee, and I am not too sanguine about it, wouldn't this solve a lot of your problems?

Mayor **Tate**. There is no question about it, sir. Of course, if this could miraculously happen overnight we could use the jobs right now in preparation for not only the summer but for the long haul during the next cold winter.

Senator **Clark**. I was out walking along the bridle paths and trails in Fairmount Park near Philadelphia the other day. There is almost a limitless amount of unskilled work which could be done in Fairmount Park just clearing up the debris that comes from the storms, opening up the bridle paths, chopping the logs that fall across the trails, and clearing out dead timber.

In a way, you know, it is very much like our national parks in the West. We are never going to be able to finance that out of the Fairmount Park budget or city budget.

Yet I would think hundreds, if not thousands, of youngsters and older people, too, could work out there really creating wealth because much of that area there you cannot get into because they never had the money to clear out the trails.

Mayor **Tate**. I quite agree with you. As you know, I go through the Fairmount Park area, myself, very often as an ex officio member of the park commission, as you were.

I know of your great interest in the park. This is one of the problems which developed at the time of some of the big storms that we had in the Philadelphia area where there were a great many trees blown down.

I know in a period of 10 years we have not cleared the debris caused by those great storms. Very frankly, this is very definitely a significant part of our program because we have some 4,000 jobs which could be funded and could be a part of the park system; your program could be a part of it.

As it is, I notice we discussed this with John Gardner and Mr. Heiskell at the steering committee meeting in New York. In all of the big city areas this kind of useful social activity would make life so much happier for people. You would find that the park area could be cleared by meaningful work on the part of Youth Corps or people who were not skilled because it does not require particular skills to do this kind of work.

Senator **Clark**. As I remember, perhaps I am wrong in my recollection, under the direction of Welfare Commissioner Randolph Wise you have run the last several summers a sort of demonstration or pilot project out there in Fairmount Park.

Mayor **Tate**. That is the Youth Corps program. The youth conservation program, and we have this kind of work which we step up in the summertime.

We have run it in the wintertime on a very limited basis. The funds, of course, were cut back and we have been limited but we are hopeful that we can have some of that restored before the summer.

Senator CLARK. That is showing pretty good results; is it not?

Mayor TATE. I think it does. It is getting them out in the fresh air which is very important.

Senator CLARK. Also you get some useful work out of it?

Mayor TATE. No question about it. Mr. Olanoff says some of the kids are delinquent and this keeps them in school. I don't know how it adds up. I think they are good kids and they are under supervision and they do the kind of work which all of us enjoy at that time of life.

It is just a part of the program because there are so many other things which could be done in the public sector, which I intend to produce in my testimony.

To give you an understanding of the magnitude of the problem in Philadelphia, our best estimates we have indicate that there are at least 40,000 disadvantaged unemployed persons in our innercity slums. Probably three times that number do have jobs of a minimal or casual nature with little or no hope for advancement or even any certainty that the job will continue. This is important.

In the face of the magnitude of unemployment in Philadelphia you can see that the programs last year in our city—even though they were ambitions and inspired with a sense of commitment—did not even keep up with the problem.

And our experience in Philadelphia is all to typical of the American cities, all of them.

Senator CLARK. Do any of you gentlemen have up-to-date figures on the extent of unemployment in Philadelphia? I would like to compare the overall rate for the Philadelphia labor market with the much higher unemployment rates in the slum areas.

Mayor TATE. We have statistics which can be made available.

As you know, the statistics on unemployment are much higher in the innercity and ghetto areas than they are in better areas where they have education and more skills.

Senator CLARK. Much higher among nonwhites, too, aren't they?

Mayor TATE. Mr. Olanoff gives me the figure which I know is around 11 percent which is, of course, the official figure. In some areas it is as high as 27 and 35 percent, especially among the youth.

Senator CLARK. Do you think that 11 percent takes in everybody or are there some lost people?

Mayor TATE. This was based on a sampling which was conducted in one section of North Philadelphia. It was conducted by the Department of Labor of the Federal Government at the time.

I don't think this gives the entire picture. There was a time when our unemployment rate was as high as 8 percent some 6 years ago, the overall figure, and it is now down to less than 5 percent so that we no longer are a certified area.

Senator CLARK. Also that includes a labor market larger than Philadelphia city, does it not?

Mayor TATE. We reduced that now. We have a Philadelphia figure which we rely on. Unfortunately, we cannot pinpoint statistically the ghetto or underprivileged areas which we would like to do for the reasons of our summer program, and for the reasons of having our job program operate officially beginning June 1 of this year.

Senator CLARK. Do you happen to know whether you will be able to run a full-scale Headstart program this summer?

Mayor Tate. Headstart?

Senator Clark. I know it is not within your jurisdiction.

Mayor Tate. We cannot; no. We have a Headstart program but I do not think it can run full-scale under existing circumstances.

I am sorry to know that because I think it is a very effective program and very popular among the people in the educational system.

We have found that there are more and more business and industry leaders, as indicated by our own Colonel Wickersham, who have come to realize and accept the premise of commitment, and who are now acting positively to create real job opportunities in their companies for the hard-core unemployed.

For instance, the National Association of Businessmen headed by Mr. Stewart Saunders of Philadelphia, who is also the president of the new Penn-Central Railroad, has launched this program with a team of some 200 personnel who are going about the businesses in the areas of Philadelphia in the next 2 weeks.

This recently launched urban coalition has sparked this response in many of our cities.

More recently, the National Alliance of Businessmen organized recently by the President has been an effective force to rally the business community.

I would not like to overestimate the results of this program which is attempting to mobilize the business community in the overall attack on unemployment.

The NAB target in Philadelphia for the next 12 months is a total of 7,000 jobs under the chairmanship of Mr. Saunders. Even if it is 100 percent effective and even if the 7,000 unemployed persons placed on those jobs stay on the job, I wonder about the remaining 33,000 or more unemployed in our own Philadelphia.

Yes; there will also be MDTA training programs for some and on-the-job training opportunities for others.

But the simple fact is that there will still not be available anywhere near enough jobs to fill the actual need. It is a need which we must fill.

As you have said in your remarks on the floor, this requires a massive job creation and it should begin this year. As I stated earlier, the ultimate solution is with jobs in the private sector. This solution, however, is still far ahead in the future.

As an immediate action to provide jobs for all those unemployed who really want to work, who really want to go to work, as indicated last year in our own program, the only meaningful answer which can be accomplished right now is public service jobs.

Such a massive program of public service jobs in the areas of community service, community development and related activities would provide a real value both to the individuals who obtain employment and to the communities which would be served.

And the work experience gained by those persons given employment under such a program would be of real value to them in entering subsequent employment in the private sector.

At the time of presentation of your legislation, you very carefully spelled out the needs for this kind of program. Of equal importance, too, you also effectively clarified a number of possible areas of misunderstanding and, of course, some confusion.

I agree with you wholeheartedly that this cannot be just an employment program for the cities of America.

It is vital that employment opportunities also be created in rural communities and farm areas as well. And we in the cities know all too well that such a program is desperately needed to take care of the tide of migration from rural areas into the cities.

Let me emphasize that I am not talking about make work, the old type of WPA work, but rather about socially useful, meaningful work that would benefit the entire communities.

You were once burdened, of course, with the heavy responsibilities of leading a big city as mayor of the city of Philadelphia. You listed in your remarks such needs as improving our communities, rebuilding our blighted neighborhoods, improving the physical environment and providing all the human service needs which are not now being met.

In our own municipal administration in Philadelphia we did make a survey to ascertain how many additional jobs could be created in the various service departments and agencies under such a program.

We did find that we could employ more than 4,000 additional workers. Some of them would be involved in recreation services, some in sanitation work which is needed very badly, some in building inspections, some in the welfare department, and some in our hospitals, and some in the city's home for the aged which as always is overcrowded.

In all cases, they would be the means of extending and enlarging the scope and degree of services which our various departments now provide to the people of our city.

Senator CLARK. Where would you get the money for those employees?

Mayor TATE. We would get the money from the Federal Government, sir.

Senator CLARK. That is the only place you can get it?

Mayor TATE. That is correct. There is no money available in our existing budget, either in the city of Philadelphia or State of Pennsylvania.

Senator CLARK. I still have a keen recollection of my problems in getting a budget from the city council. I imagine yours are not very different from mine.

Mayor TATE. My recollection is about the same because I was a city councilman, sir. As a matter of fact, I attended a meeting with our street department and sanitation department where they pointed out in order to engage in an extended program for cleaning the streets, cleaning out some of the inlets, and some of the other programs that were necessary, the additional equipment that might be needed would cost an additional $2,100,000 for the balance of this year which, unfortunately, had been cut back by the city council.

Senator CLARK. You and I and Dick Dilworth, in between us, were constantly faced with the possibility of having to raise taxes. No politician likes to raise taxes. Sometimes we have to do it.

Unfortunately, quite a lot of our wealthier people are moving out of Philadelphia to the suburbs and some industries are leaving, although you have done a wonderful job in holding them. What is your appraisal about the possibility that if you raise taxes more you will have a great flight of industry and people of some means leaving the city?

Mayor Tate. I very frankly say to you, Senator, and with your knowledge of Philadelphia I am sure you are familiar with it, too, we have just about reached the top of the rate on our wage tax which is now 2 percent.

In most cities throughout the country where they do have it, it is one-half or three-quarters -of -1 percent. Certainly our real estate tax is at its highest peak. We are now burdened with additional problems, with the board of education seeking more money so it is unlikely that we can raise taxes.

As a matter of fact, we have scheduled them on an interim basis so that we pick up some 2 percent each year on our annual budget based on the funds from Washington because of our urban development program. We have a very active influx of business opportunities in Philadelphia in developing a new tax base.

Of course this brings about a 2-percent increase in tax rate each year which cannot actually bear the burden of the increased cost of operating the city government.

In our police department alone at the time you were mayor, I think the budget was somewhere in the neighborhood of some $30 million, and today it is about $58 million, of which $48 million is for personnel, police salaries alone.

Senator Clark. As I recall it, the city budget was going up almost astronomically since the days of Mayor Samuel.

Mayor Tate. I would say so. I remember the days when there were editorials in some of the leading Philadelphia newspapers to keep it under a hundred million dollars. We are close to $500 million now.

Of course, when you relate it to the problems of a city like New York which has a budget of some $5½ billion, Philadelphia has a small burden in that respect. Of course, it is a much smaller city, although some of us are prouder of it than they are of New York.

Senator Clark. I quite agree with you. It is a lovely place to visit but who wants to live there?

Mayor Tate. Thank you, sir. You are still working for our chamber of commerce and our tourist bureau.

Mr. Olanoff says some 5,000 jobs will require some $25 million but we are asking only for a modest 4,000 jobs which would only be a bite out of that.

In all of these instances, the persons employed who before had been hopelessly unable to find work, now would not only be employed but in many cases they would be actually reinspired and to some extent reborn.

They would find new dignity, they would find new responsibility and I do sincerely believe that out of these feelings would come a real sense of participation and involvement in their neighborhoods and in their own city.

I would like to touch briefly on our experiences in Philadelphia last summer where under the able direction of Mr. Olanoff and Mr. Clarence Farmer of our Commission of Human Relations, we launched an emergency employment program right in the heart of some of our poorest neighborhoods.

We called our program the Job-Mobile and at that time we received national attention because we took the Job-Mobile program right into the ghetto.

We picked up people on the street corners and gave them jobs. We announced over one weekend—in fact, this was organized on a Saturday afternoon—that anyone who wanted a job and could not find one could come to the office that we had established in the slum district and would be given a job.

We had some 500 jobs to start with, all either under municipal government or in the public school district.

In the first day of the program, 2,500 persons turned out. They were picked up by the Job-Mobile program and taken to the district office and we signed up every single one of them. The first 500 in line were offered jobs and most of them accepted.

When all of those jobs were filled we told the people who were signed up that we would find more jobs and called upon them for placement interviews.

We turned to the private sector and we did find more jobs. We called in the remaining 2,000 people for interviews and we referred them to those jobs in the private sector.

All in all, in the first 30 days of the emergency program we referred 1,859 persons to actual job openings. We found out in a most convincing way that the great majority of the poor unemployed people actually do want to work and will go to work if they can find a job. And there is not too much redtape in filling out applications or other examinations.

We found something else, too, when we did a follow-up study on the referrals that we had made in this crash program. We found that of those persons referred to jobs with either the city government or the school system, about 75 percent of them stayed on on those jobs and in fact, are still employed in the city government and the school system today.

On the other hand, of those persons referred to jobs in the private sector, our follow-up revealed that only 30 percent were actually still on the job.

The other 70 percent were either hired and then dropped out or were never hired by the employer at the time of the initial interview or so-called crisis, in some cases, never even went to the job interview at all.

Senator CLARK. How do you account for that rather startling discrepancy?

Mayor TATE. I think it is a follow-up, Mr. Chairman. I think it is the kind of situation where they present themselves to the personnel man in the private sector and, as Mr. Ford found out even in his own organization, sometimes the personnel men extend themselves too much. They require a two-page application, they require an extensive physical interview and then they find some foreman might make it difficult for the underprivileged person to do the job he actually wants him to do.

Senator CLARK. You don't think it is the fact that the categories of employment in the public sector require so much lesser skill that these people are able to hold the public jobs longer?

Mayor TATE. As you know, in government there is a sense of commitment, and I think that is the actual significant factor, there is a sense of commitment and desire on the part of the people in the public sector to be helpful, to work together to solve these problems.

We had that condition, and I think it was amply demonstrated in Philadelphia. I am happy to say it is now being demonstrated in the business community.

They have seen the experience we have had in the public sector and are now willing to undertake this kind of program and cut down the size of the application, cut down the rigid requirement of the physical examination, and are willing to put people to work.

We have to follow through and give them the exposure to make sure that the man looking for a job knows that there will be a paycheck at the end of the first week of work. When the man goes to work and he finds out he has to wait for some time for his pay because of other conditions required at the time he takes employment in the private sector which are not required in the public sector, he, of course, is discouraged and walks away from it.

So it is a question of not coaching them but coaxing them to make sure they stay on the job and the important day in Philadelphia was at the end of the first week of that program, as Mr. Olanoff very well knows, when those men saw their paycheck and pay cart coming up the street when they were paid off.

Under my instructions we cut through all the redtape and we had a very efficient finance department to provide those checks. The work sheets were turned in and they were justified after the payment was made.

This made it possible for the newspapers to report that the program was working. This satisfied and gave a sense of fulfillment not only to the people involved when they took the paycheck home to their family, and were able to pay some of the bills, but also let the community know that the program was working.

Senator CLARK. That is fine. After seeing some of the success of Reverend Sullivan's OIC and the on-the-job training program which he runs, I am a little surprised that the rate of public employment was as low as 30 percent.

They are just not following these procedures or are they not applicable to many of these private employment jobs?

Mayor TATE. I do say very frankly that Reverend Sullivan's program is very good. They do a great job but it is merely a drop in the bucket. It is minimal compared to the actual needs. I think it is a very efficient program.

I think they do great work. Perhaps the training categories are not as extensive as they should be but certainly with the little that he has to work on they are doing excellent work.

Some of the people are finding their way in private industry. Private industry itself is very generously supporting it, as has the Federal Government, but actually it is not the answer to this program because it is not massive.

It is just a fraction of the actual need.

Senator CLARK. Don't you think the procedures would be applicable in the other areas of private employment?

Mayor TATE. I think if they extended the program now—for instance, we are working this with the PEDC program that Mr. Olanoff works with, it is working out all right but we don't have enough, actually.

If we try to tie this in entirely with the private sector program, it actually would not work because it does not involve enough of the public sector work.

I think very highly of what they are doing. I think it is really a generous contribution on his part. He is very friendly with me and works very closely with me and our staff people on this kind of work.

Mr. Olanoff volunteers that the greatest contribution, of course, is in their self-help program. But I see when we get down to the final analysis the real payoff is in terms of those people who stayed on the job.

I don't believe it is accidental that the high retention rate occurred in the public sector jobs.

It was seen that there was greater acceptance of the worker as he is on the part of the public sector supervisors than was the case of the private business and industry.

This is, as I said before, a significant factor because any massive program to provide jobs for the unemployed must provide the kind of jobs in which the disadvantaged person will remain.

This is also a key factor to be watched carefully in the job opportunity program in the business sector.

Now in conclusion, I again wish to give my strong endorsement of your program of the public service job creation as contained in Senate bill 3063.

I know of no other piece of legislation which could have a greater impact on the future growth and progress of our Nation. Our country today faces a crisis of terrifying proportions across the land.

The paradox of prosperity and poverty cannot be allowed to continue, for if it really does it may well be the root cause of the collapse and destruction of our society and our community as we know it.

In the face of such urgency, the indicated first year appropriation of $2 billion is not unreasonable. I speak to you today on behalf of not only the ranks of the unemployed but, indeed, of all Americans throughout this country.

The scourge of poverty and hopeless unemployment must be removed from our Nation. Only through sweeping and realistic programs as this one can this essential task be accomplished.

We should not shirk it, whatever the price, for to fail now would obligate all of us to a much greater price in the years to come.

I appreciate very much the very courteous attention given to me by you, Mr. Chairman, and your committee and its staff. It has been a real opportunity for me to be with you and get your views at the same time I have had an exchange and dialog with you on this very important program.

(The prepared statement of Mayor Tate follows:)

PREPARED STATEMENT OF HON. JAMES H. J. TATE, MAYOR OF THE CITY OF PHILADELPHIA, PA.

Senator Clark and members of the committee, I would like first of all to thank the Subcommittee for its courtesy in inviting me here today. I am speaking not only as the Mayor of the fourth largest City in the United States but also as President of the National League of Cities, representing close to 15,000 municipalities across the nation.

I am also on the Steering Committee of the National Urban Coalition as well as an organizer of the Philadelphia Urban Coalition, both of which endorse this bill enthusiastically. In this triple capacity I would like to offer my maximum support and endorsement of Senate Bill S-3063, the subject of this hearing today.

The problem of the disadvantaged unemployed—the hard-core unemployed who lack the education, the skills, the previous work experience and even the drive or the motivation to keep on trying to find work in the face of defeat after defeat—this problem is at the very heart of the crisis that faces America today, both in the cities and in the rural areas.

Senator Clark made a very clear presentation on the floor of the Senate when he introduced this Bill last February 29th. He noted that as of September 1966 there were 4.4 million able-bodied working-age Americans who were jobless, and there is no reason to believe the total number is not roughly the same today.

He further noted that the best estimates of available jobs for people with required skills is about two million. This leaves us with the unhappy fact that in the United States today there are some 2.4 million persons who are able and willing to work but for whom no jobs exist anywhere in the country.

There have been a number of meaningful programs developed over the past five or six years by the Federal Government, including manpower training courses and on-the-job training programs, but their total capacity regretfully fell far short of the total need.

In Philadelphia, for example, during 1967, there were a total of perhaps 6,000 disadvantaged persons who were helped either by a formal training program or an on-the-job training opportunity. But in this same year more than 8,000 disadvantaged youngsters dropped out of school before completing their education, and it is an unhappy fact that most of them will inevitably swell the rolls of the unemployed sooner or later. Add to this imbalance the unknown numbers of poor unskilled migrants who found their way into the ghettos of our City from the poverty areas of the rural South or the ghettos of other big cities.

Just to give you some understanding of the magnitude of the problem in Philadelphia alone, the best estimates we have indicated that there are at least 40,000 disadvantaged unemployed persons in our inner city slums. Probably three times that number do have jobs of a minimal nature, with little or no hope for advancement or even any certainty that the job will continue. In the face of this magnitude of unemployment, you can see that the programs last year in our City *did not even keep up with the problem.* And our experience in Philadelphia is all too typical of the other American cities.

The solution to unemployment is, of course, jobs. And the ultimate solution is jobs in the private sector of our economy. There is no question that the real solution must be built on an ever-increasing commitment and involvement by private business and industry in our nation.

I am happy to report that there are more and more business and industry leaders who have come to realize and accept this premise, who are now acting positively to create real job opportunities in their companies for the hard-core unemployed. The recently launched Urban Coalition has sparked this response in many of our cities, and more recently still, the National Alliance of Businessmen organized recently by President Johnson has been an effective force to rally the business community.

But let us not overestimate the results of this program which is attempting to mobilize the business community in the overall attack on unemployment. In my City of Philadelphia, the N.A.B. target for the next 12 months is a total of 7,000 jobs. Under the local chairmanship of Mr. Stuart Saunders, the dynamic Chairman of the Penn Central Railroad, this effort will surely be vigorous and far reaching.

But even if it is 100 percent effective, and even if the 7,000 unemployed persons placed on those jobs stay on the job, what about the remaining 33,000 or more unemployed in our City? Yes, there will also be MDTA training for some, and on-the-job training opportunities for others. But the simple fact is—there will still not be anywhere near enough jobs available to fill the actual need.

As Senator Clark said in his remarks on the floor, "A massive job creation effort is needed, and it should begin this year."

As I stated earlier, the ultimate solution does lie with jobs in the private sector. This solution, however, is still far ahead in the future. As an *immediate* action to provide jobs for *all* those unemployed who *do* want to go to work, the only meaningful answer which can be accomplished *right now* is—*public service* jobs.

Such a massive program of public service jobs, in the areas of community service, community development and related activities, would provide a real value both to the individuals who obtain employment and to the communities which would be served. And the work experience gained by those persons given employment under such a program would be a real value to them in entering subsequent employment in the private sector.

Senator Clark very carefully spelled out the needs for this kind of program. Of Equal importance, he also effectively clarified a number of possible areas of misunderstanding and confusion. I agree with him wholeheartedly that this cannot be just an employment program for the cities of America. It is vital that employment opportunities also be created in rural communities and farm areas as well. And we as the cities know all too well that such a program is desperately needed to take care of the tide of migration from rural areas into the cities.

Let me emphasize that I am not talking about made work, but rather about socially useful, meaningful work that would benefit entire communities. Senator Clark, who himself was once burdened with the heavy responsibilities of a mayor, listed such needs as improving our communities, rebuilding our blighted neighborhoods, improving the physical environment, and providing for all the human service needs which are not now being met.

In my own municipal administration in Philadelphia, we made a survey to ascertain how many additional jobs could be created in the various service departments and agencies under such a program. We found that we could employ more than 4,000 additional workers. Some of them would be involved in receration services, some in sanitation work, some in building inspections, some in welfare, some in our hospitals and the city's home for the aged. In all cases, they would be the means of extending and enlarging the scope and degree of services which our various departments now provide to the people of our city.

And in all these instances the persons employed, who before had been hopelessly unable to find work, now would not only be employed, but in many cases they would be actually reborn. They would find new dignity, they would find new responsibility, and I do sincerely believe that out of these feelings would come a real sense of participation and involvement in their neighborhoods and their city.

Let me touch briefly on our experiences in Philadelphia last summer, when we launched an emergency employment program right in the heart of one of our poorest neighborhoods. We called our program the Job-Mobile, and it was very simple. We announced over one weekend that anyone who wanted a job and couldn't find one could come to the office we had set up in the slum district and we would give them a job. We had 500 jobs to start with, all either in municipal government or in the Public School District.

On the first day of the program 2,500 persons turned out, and we signed up every one of them. The first 500 people in line were offered jobs, and most of them accepted. When all those jobs were filled, we told the people who had signed up that we would find more jobs and call them in for placement interviews.

We then turned to the private sector, and we found more jobs. We called in the remaining 2,000 for interviews, and we referred them to those jobs in the private sector. All in all, in the first 30 days of this emergency program, we referred 1,859 persons to actual job openings. We found out in a most convincing way that the great majority of the poor unemployed people *do* want to work, and *will* go to work if they can find a job.

We found something else, too, when we did a follow-up study on the referrals we had made in this crash program. We found that of those persons referred to jobs with either the City or the Schools, about 75 percent of them stayed on those jobs and in fact are still employed today.

On the other hand, of those persons referred to jobs in the private sector, our follow-up revealed that only 30 percent were actually still on the job. The other 70 percent were either hired and then dropped out, or were never hired by the employer at the time of the initial interview, or in some cases never even went to the job interview at all.

In my view, one of the most important things about Philadelphia's Job-Mobile program was its visibility. The community *saw it at work*. The very people who have the strong feeling that nobody cares about them, and that nothing is really ever done for them, these people saw their neighbors and friends stand in line and come away with a job.

And the real payoff is in terms of those people who stayed on the job. I do not believe it is accidental that the high retention rate occurred in the public sector jobs. It would seem that there is a greater acceptance of the worker "as he is" on the part of the public sector supervisors than is the case in private business and industry. This is a significant factor, because any massive program to provide jobs for the unemployed must provide the kind of jobs in which the disadvantaged persons *will remain.* This is also a key factor to be watched carefully in the job opportunity program in the business sector.

In conclusion, I again wish to give my strong endorsement of the program of public service job creation as contained in Bill S-3063. I know of no other piece of legislation which could have a greater impact on the future growth and progress of our Nation. America today faces a crisis of terrifying proportions across our land. The paradox of prosperity and poverty cannot be allowed to continue, for if it does, it may well be the root cause of the collapse and destruction of our society as we know it.

In the face of such urgency, the indicated first year appropriation of $2 billion is not unreasonable. I speak to you on behalf of not only the ranks of the unemployed but indeed of all Americans. The courage of poverty and hopeless unemployment must be removed from our land. Only through such sweeping and realistic programs as this one can this essential task be accomplished. We must not shirk it, whatever the price, for to fail now would obligate us all to a much greater price in the years ahead.

Again, thank you for your courtesy in inviting me today.

Senator CLARK. Thank you very much, Mayor Tate. Your testimony has been very valuable, indeed, to the subcommittee. You are both an articulate and useful witness. I have just a couple of questions before we let you go.

Do you and your associates have any reading on the need in Philadelphia for training of trainers—in other words, for staffing local emergency employment programs to assure that the public service employees can move up the ladder and hopefully get jobs in the private sector?

I have been concerned that the needed skills are in short supply. It is a kind of social welfare job in a way, and is a correctional job in another. I have been concerned that there are not enough people around who can do the necessary training of these disadvantaged people when they first get on the job.

Mayor TATE. We feel very strongly about that. We call it the "coach system." We feel that with appropriate supervision and the kind of followthrough, as was indicated last year in our own experience, that this should be done.

Senator CLARK. My concern is where you are going to recruit the coaches. In other words, you have the football team already. You may have bought them the uniforms, but who is going to show them how to run the plays?

Mayor TATE. The best kind of training is, as I said, on-the-job training. This is significantly manifested in the public sector where you can do it better than you can in the private sector.

You have to do it that way, there is no other approach, by way of giving this kind of coaching or supervision.

Senator CLARK. Mr. Olanoff might have some comment on the question, where do you get the skills?

You get a group of 30 disadvantaged, you have the money, give them a job in the public sector somewhere. Where do you find the people to orient them and train them?

Mr. OLANOFF. Senator, our experience in the basic on-the-job training programs which have been funded by the Labor Department point out that this has been the most effective way for the unskilled to learn a skill, both in the private sector and in the public sector in our Government jobs.

Senator **Clark**. I think we are talking a litle bit at cross-purposes. I am sure you are right. What concerns me is the lack of skilled personnel to do the work to implement successfully the on-the-job training component.

There has to be someone to teach these people. Do you have enough people to do it?

Mr. **Olanoff**. Where you are using as teachers the existing supervisors who are on the jobs, I think this is the big plus that you have working for you.

If you set up an institutional training program where you are going to create many, many slots in a teaching situation, you need lots of teachers.

The problem with that lies in the fact that many of the disadvantaged don't want to stay in a formal training program, whereas, when you put people in a working situation the teacher becomes the supervisor or foreman.

I think this is really pertinent to what you are asking because our experience in our Government jobs was that we did not have to go out and find special teachers. We were able to teach on the job using the knowledge and know-how of the supervisor and the current workers who were assigned on a part-time basis to work with the new workers.

Senator **Clark**. Is it your view that people can be put to work much faster in the public sector than in the private sector?

Mr. **Olanoff**. Absolutely.

Senator **Clark**. For example, how fast would you put people to work in these 4,000 jobs that you discovered in your various city departments?

Would you be able to put them to work right away?

Mr. **Olanoff**. The next day. If we knew that the money was available and the finance department was satisfied that they could meet the payrolls. The departments are prepared to hire them immediately.

Senator **Clark**. Have you had any success or luck in developing what one of our expert witnesses, Dr. Pressman, will testify about: the "New Careers" concept?

Mr. **Olanoff**. We have used the New Career funding as part of our concentrated employment program in city government. We had a great difficulty in structuring a career ladder-type of job as part of the municipal operation which calls for civil service tests and the rest of it.

We did get our Civil Service Commission working with the managing director's office to make certain adaptations and we created literally career opportunities in our hospitals, in our recreation department and in our health department.

This requires, you see, that we are able to hire people without their taking a civil service exam. At the end of the year of the Federal funded portion, they would be eligible to take the test and stay on the job.

Senator **Clark**. I want to welcome Senator Prouty, the ranking minority member, to the hearing.

I was just about to ask Mayor Tate and his associates, Senator, what their opinion is of the State plan for public service employment which Senator Javits, and, I suspect you have proposed. The theory is that 40 percent of these jobs should come through a State plan.

It is quite a controversy in the subcommittee. I guess it is not news to you, as to what extent if at all the State should be cut in on this program. Should there be bloc grants to States and let them distribute the money. I was more or less brainwashed on this because when I was mayor of the city of Philadelphia I felt it was no use to go to Harrisburg. You went directly to the city of Washington.

But there is now a new view since one-man, one-vote, and the upgrading of the State government. The program should come to the States and then dished out to the cities by the States.

Senator **Prouty**. Mr. Chairman, before the mayor answers, I would like to point out that the State plan has to be approved by the Secretary of Labor.

Senator **Clark**. Yes. I understand that, but the problem is largely, and I think you will agree with me, Senator, an administrative one, as to whether you put a layer of administrative authority between the Federal Government and the city or the county. The Federal Government would give the money to the State in accordance with the approved plan and cease dealing directly with the municipality.

That is the issue; is it not?

Mayor **Tate**. This is just off the cuff, Senator, because I have not had the privilege of reviewing completely all of the facets of your legislation which was——

Senator **Clark**. It is not legislation now. Our Republican friends put it in as a draft bill.

Senator **Prouty**. We expect it to be legislation.

Mayor **Tate**. I do wish to say as president of the National League of Cities that the mayors of the cities take a dim view of that principle.

We find that some of the moneys which could be allocated on a bloc-grant basis to the States, while very appropriately thought out by the Congress or whoever would want to sponsor it, would be diffused throughout the rest of the State and not meet the actual needs of the cities of this country.

This has been our experience down through a period of years. While we recognize what has happened with respect to the new one-man, one-vote rule, we still have the same problems with the legislative bodies at the State capitols and with the Governors of the States as we had before.

And that while we have had some help, it is not in the magnitude which is necessary to solve a problem like this and the problems of the big cities.

For instance, right now one of the most backward or one of the most conservative areas of commitment with respect to the employment program which is necessary in a big city like Philadelphia is the State employment program which is administered by the State which certainly would have to administer funds like this, and we find this is a holdback or delaying factor in administering our program.

This is unfortunately so. This program has been in existence for some time. They are supposed to be the experts. I don't want to be critical of the State employment service but certainly we don't think they meet the need. They don't go out and get the jobs for the people.

The don't go out and seek the people who want the jobs and, unfortunately, many times they make it difficult for people to get the jobs.

Senator **Clark**. This sounds like a pretty good argument to me, so I will turn you over to Senator Prouty.

Mayor **Tate**. That is all right. I will be very happy to discuss it with Senator Prouty.

Senator **Prouty**. I am happy to discuss the particular legislation to which the chairman referred. I realize we will have hearings on it at a later date.

Senator **Clark**. We are holding hearings now on both bills.

Senator **Prouty**. I have meetings of three subcommittees.

Senator **Clark**. I am missing two, myself. I want the record to show that I consider all Senators overworked.

Mayor **Tate**. That is what the judges say in Philadelphia.

Senator **Prouty**. Mayor Tate, in the committee we treat this problem on the whole in a bipartisan manner. We are concerned with the success or failure of these various training programs; programs which we hope will enable people without skills or training, and little or no education, to become self-productive.

So we are not critical of the objectives. We share the objectives. But we find that there are many instances in which a multiplicity of programs result in a great deal of duplication and overlapping. We are unable to get concrete information to prove or disprove whether they are accomplishing the desired objectives.

That was one reason why I was successful in getting an amendment adopted in the Emergency Employment Act last fall which requires the General Accounting Office to make a detailed survey of various poverty programs throughout the country. Not only to see if the money is being spent properly but also to determine to what extent our objectives are being achieved.

I think we are going to have a very helpful report which will be made available, I believe, at the end of this year. It will give us a key—some basis to judge the success or failure of the various poverty programs.

This is one of the things which to me seems most important. We are all very anxious to achieve success in this field.

An amendment which I offered, with Senator Scott of Pennsylvania as a cosponsor last year, was very similar to the bill which has been offered on behalf of the administration by Senator Clark this year.

It lost by only four or five votes in the Senate. I might say that we had the necessary votes committed at one time, but because of pressure from certain sources, a few Senators were persuaded to vote contrary to the way they had intended to vote.

That is neither here nor there. But we do want to get a program through, and we do want it to be successful.

I am convinced that the only satisfactory long-range answers to our problems in the areas of unemployment and poverty must be provided by substantially involving the private sector of our economy to provide jobs and training for our Nation's hard-core disadvantaged people. Thus, I regard a program calling for the creation of public service jobs as necessary to meet the present emergency conditions, but one which should be phased out with emphasis upon the creation of jobs by private enterprise over a period of time.

Am I correct in gathering from your statement that you agree with this approach?

Mayor TATE. That is correct.

As I indicated to Senator Clark, the chairman of this subcommittee, I have been very actively involved in the urban coalition, in the formation of the National Alliance of Businessmen as well as my own coalition in Philadelphia where we are very effectively working in this area now and we have engaged the attention of the private sector.

While we were very happy to have the involvement and the cooperation of the private sector, we think this commitment on their part is certainly a new dimension, an acceptance of the total concern that we in America express today on the problems of the big city.

We feel that this massive approach as indicated by Senator Clark's legislation is most necessary in order to lead the way, to show that these things can actually happen, and that you don't have to wait for these studies which you suggested at this particular time and which will not be completed until next February.

People waited with much interest, for instance, to see what would happen when the President's Commission on Civil Disorders made its report. They waited for that day of March 1 when they would come out with this statement which would be so helpful to the people of the big cities of America.

While I think it was helpful, we are still waiting for some implementation of that particular program. I recognize that what you intend to do in your legislation is an implementation, as you indicated, of the President's Civil Disorder Commission report. At the same time, we find that where there is smoke there is fire, that the need is now and as indicated in my own testimony, we have 40,000 people in Philadelphia who need jobs, who are the unemployed, who are unskilled, and who are undereducated, and in our existing circumstances we are able to handle only 7,000 people through these fragmentary approaches which are necessary.

We recognize in the program that you have that there is a necessary involvement of the private sector. I agree with you wholeheartedly, but it is a very difficult job to beat the bushes in order to engage the activity of the private sector, to provide the tax credit and the other involvements which we think are necessary to get them.

At the same time, we have the public sector leading the way, to provide useful employment which will extend the services which are so badly needed by the big cities that the private sector will eventually pick up.

It will not be a competitive factor but it certainly will lead the way. I advocate the approach now as indicated by men like Heiskell of Time and Life magazines, Henry Ford, and John Gardner.

I work on the steering committee for the urban coalition. I know it is a good approach. We are very glad to have it.

But it is only another approach to the situation. We must have both factors working, both the public sector and private sector.

Senator PROUTY. First, I want to point out that I certainly did not suggest that any program currently in existence be curtailed while we await the results of any studies which are being made.

I think they have to go on even though some of them perhaps are not too successful right now. I think Governor Kerner placed great emphasis on the part that private enterprise could play in this picture, if given sufficient incentive and encouragement to do so, when he appeared before the subcommittee.

You referred to 40,000 disadvantaged and unemployed persons in your inner slums. I think you also said that 8,000 youngsters dropped out of school during the same period.

Assuming that the National Alliance of Businessmen will meet its goal of creating 7,000 additional jobs in Philadelphia, and that you are able to employ the 4,000 additional workers in Philadelphia, which you refer to, for public service jobs under the bill which Senator Clark introduced, this means that at least 25,000 more jobs will have to be created for disadvantaged persons by private enterprise in Philadelphia during the next year to solve your problems.

Mayor **Tate**. That is a fact. There is no question about it. The mathematics are correct.

Senator **Prouty**. I am merely using your city as an example of the situation.

Mayor **Tate**. And that situation prevails in all of the big cities of America.

Senator **Prouty**. Quite frankly, I feel that there are some people who are unemployable insofar as private industry or business is concerned.

I do think that, in these circumstances, the Federal Government must be the employer of last resort.

It seems to me it is far better for people who are physically able to engage in pick and shovel work to earn something, rather than simply sit at home and draw their checks.

Mayor **Tate**. Senator, I say respectfully, I appreciate your concern. I am delighted to know that you have that concern. I think it is refreshing to come here to the Senate of the United States and before this committee to know that there is this concern.

Certainly this was not prevalent last year in the private sector of the community. However, it began to rear its head and show that they were willing to pick up this sense of commitment; that they are willing to go beyond just going to church on Sunday and praying about it.

I think we are well on our way to do it. It is only in that way that we can do it. At the same time, the example of leadership must be given on what can be done by this massive approach rather than going through some of the redtape which would be required in some of the legislation which has been suggested by some of your associates.

I recognize your problem. I appreciate the fact that the dialog has been established between the liberal side and the so-called conservative side of the Senate. It is very helpful.

Senator **Clark**. You are right in the middle, Senator. If the Senator would briefly yield, I wonder if there is not a clear area here which perhaps we are inadvertently overlooking. That is the large number of jobs which are and can be made available in what might be called the private nonprofit sector of the economy.

Mayor **Tate**. That is correct, Mr. Chairman. We have found in our own surveys that the institutional or educational factors are a very important item in big cities like Philadelphia with such large institutions as Temple University and University of Pennsylvania and some of the independent colleges.

Certainly they have significant jobs which are meaningful.

Senator CLARK. Your 4,000 figure covers only city employees?

Mayor TATE. That is correct. We have others in the institutional areas.

Senator PROUTY. Mayor Tate, I think it should be pointed out that, while most of the discussion of this problem centers around the big cities, perhaps for obvious reasons, about 45 percent of the poverty in this country exists in rural areas. But only about 30 percent of the poverty funds go into rural areas, even though we have 45 percent of the poverty.

Senator CLARK. I think there is no doubt, if I may interject, that the rural areas have not been treated properly, that the cities have gotten more than their fair share of the money.

We have to do something to redress this imbalance. I suspect also, Senator, you will agree with me, that one of the most important things to do is to create employment opportunities in rural areas so that we can stop this inmigration to cities.

Senator PROUTY. That is the most logical approach. We must establish small industries in rural areas and provide training facilities so that the people stay there instead of migrating to the cities and creating great problems.

That is the basis of the present situation. These people have nothing to do.

Mayor TATE. May I respectfully point out to you, sir, it is more than just a philosophical argument today. The condition is there and the condition is red and the need is now. This is why we in the big cities address ourselves to this problem.

We recognize there is a great deal of migration. People come to the cities because they don't find things satisfactory in the rural areas.

Of course, we are contending with the population explosion. This, of course, is what has made the problem of the big cities so interesting and of such great concern to this country today.

It is the number one problem which faces us.

Senator PROUTY. As the President said yesterday, I believe we should find some way to persuade these people to return to the farms and to the rural areas.

Mayor TATE. I think they had a song like that after World War I.

Senator CLARK. How can you keep them on the farm after they have seen Philadelphia?

Mayor TATE. After they have seen Paree.

Senator CLARK. I think the mayor, Senator Prouty, and one our other witnesses will agree with me that while we do want to make it possible to build up employment opportunity in the rural areas we don't want to do it by way of subsidizing industries located in urban and suburban areas by giving tax exemptions for industrial development.

Senator PROUTY. One other suggestion is to enact Federal standards for welfare and unemployment compensation. We may have to consider that possibility, although I am not advocating it at this point.

Mayor TATE. I don't want to get into this argument you had the other day. I have been actively interested in it because we have our own industrial development program.

It came as a great shock to us to find out that this amendment which had been approved had been pulled out and we have to readjust our sights, in fact, we have our council working on this problem today. It is so important to us in our area to retain the momentum we picked up on our industrial development program to stem the flight of industry to the suburbs and they were staying in Philadelphia and very effectively staying, and staying not only as employable factors but also as taxpayers.

We are doing so well that we are rather concerned about the Senate deliberation on this important problem. You will hear more about it from the mayor next week, I think.

Senator PROUTY. Thank you, Mayor Tate.

Senator CLARK. Thank you, Mayor Tate. I hope you understand the friendly thrust of my suggestion when I say to you, I have no doubt I too, have been immensely improved by on-the-job training.

Mayor TATE. Thank you very much. I agree with you, very frankly. It has been a great experience. Thank you very much.

Senator CLARK. Thanks a lot, Mayor Tate.

Our next witness is Mr. Andrew Biemiller, director of the Department of Legislation, AFL-CIO.

Mr. Biemiller, you are an old friend, and we are happy to welcome you back. We look forward to your testimony.

I will ask to have the entire statement placed in the record so that if we interrupt you as you read it, you will still have the continuity of your thought in the record.

STATEMENT OF ANDREW J. BIEMILLER, DIRECTOR, DEPARTMENT OF LEGISLATION, AFL-CIO; ACCOMPANIED BY NATHANIEL GOLDFINGER, DIRECTOR OF RESEARCH; AND KENNETH YOUNG, LEGISLATIVE REPRESENTATIVE

Mr. BIEMILLER. Thank you, Mr. Chairman. I may skip here and there, also.

Mr. Chairman, I am accompanied by Mr. Nathaniel Goldfinger, director of the Department of Research of the AFL-CIO, and by one of our legislation representatives, Mr. Kenneth Young.

Senator CLARK. I am happy to have both of these gentlemen.

Before you start, I would like to note for the record that it was my good fortune yesterday to be at the AFL-CIO Pennsylvania State Convention in Pittsburgh at which Mr. I. W. Abel, the president of the United Steelworkers of America, made a rather impassioned plea in support of this legislation. I was delighted, of course, and flattered to hear him do this.

He asked the convention to pass a resolution endorsing the bill and they promptly did.

Mr. BIEMILLER. I am delighted to hear that.

At the outset, I would like to say that we are indeed pleased to have the opportunity to present our views on S. 3063.

As is well known, the AFL-CIO is firm in its conviction that jobs at decent wages are the most important requirement in our Nation's search for solutions to the interrelated problems of poverty, deprivation and racial unrest.

The labor movement is committed to the proposition that none of these problems can be solved without full employment.

Because we believe this as strongly as we do, we wish to commend you, Mr. Chairman, for the continuing effort you have been making to keep this issue of employment at the center of the stage.

It is not necessary to parade any new army of statistics to provide evidence that more jobs are urgently needed. Such statistics were placed in the Congressional Record by you, Mr. Chairman, when you introduced S. 3063 on February 29.

At that time, you pointed out:

—11.8 million persons of working age were poor in 1966, either because of joblessness, part-time work, or low wages;

—4.6 million poor Americans of working age in 1966 were heads of families in which 12½ million children were being reared;

—The unemployment rate—3.8 percent in 1967—conceals almost as much unemployment as it reveals, and ignores "hidden unemployment."

—The number of able-bodied working-age Americans who were jobless in September 1966 was 4.4 million, although the number listed in the regular monthly report by the Buerau of Labor statistics was 2.8 million.

The picture could be filled in further with data on unemployment in the central cities, in the rural areas, among Negroes, Mexican Americans, Puerto Ricans, and Indians, among teenagers—especially Negro teenagers—and among older workers. It is, to put it mildly, not a pretty picture, as you well know.

We should be clear, however, that the picture would be infinitely worse had we not in recent years enacted the many programs that we did, a number of which—especially those in manpower training and antipoverty fields—were given legislative birth by this subcommittee.

There is no need to deny that we have, indeed, made substantial progress in the last few years but, having said so, we must recognize that many of the problems—in all their severity—are still with us. And they require immediate action.

Because we have made progress—and because the official unemployment rate is lower than it has been since the early 1950's—some persons shrink from any further meaningful effort to deal with those problems.

Instead, they repeat that meaningless bit of conventional wisdom which says that "anybody who really wants a job can find one."

It is meaningless because, to whatever extent there are jobs available, they are in highly skilled or professional occupations, which require several years of training; or they are very low wage and dead end; or they involve travel distances which create time and cost barriers. I short, whatever jobs do exist do not provide much of an answer to the problem at hand.

Moreover, it appears to us that all of the talk about the availability of jobs is contradicated by the evidence. The record of this subcommittee's previous hearings in connection with the war on poverty is replete with statements about the need for more jobs, and these statements come from those closest to the scene—local officeholders, program administrators, and the jobless.

Furthermore—and this is to us highly significant—not a single one of the Economic Opportunity Act work programs, that we know of, has had any difficulty in filling job slots for which it has been funded.

These jobs, I would emphasize are by and large in the public service field. Such jobs can be meaningful, more conveniently located and, in most instances, provide wages that will carry the jobholder above the poverty line.

Senator Clark. Are you going to touch later on your views as to the desirability of having perhaps half of these jobs under the bill allocated to the private sector?

Mr. Biemiller. We are going to touch on that problem.

Because jobs are needed, and because jobs in public service employment can meet the need, the AFL–CIO believes strongly that such a program should be enacted by this Congress. We are not alone in this call for action.

Our allies include the Commission on Technology, Automation, and Economic Progress; the Urban Coalition; the 1966 White House Conference on Civil Rights; the President's National Advisory Commission on Rural Poverty; and the President's Commissision on Civil Disorders, among others.

In your speech to the Senate when you introduced S. 3063, Mr. Chairman, you included estimates from the report of the Commission on Automation on the number of jobs which could be created to meet existing public service needs of our society. The total was 5.3 million.

Senator Clark. Do you think that overstates it?

Mr. Biemiller. No, sir; we do not.

Thus, the work is there to be done. The Commission on Automation pointed to "the anomaly of excessive unemployment in a society confronted with a huge backlog of public service needs in its parks, its streets, its slums, its countryside, its schools, and colleges, its libraries, its hospitals, its rest homes, its public buildings, and throughout the public and nonprofit sectors of the economy."

The Commission also stated that "employing the unemployed is, in an important sense, almost costless," and that to provide the unemployed with meaningful public service jobs "increases not only their income but that of society."

Jobs, however, are only a part of the problem. A second part involves influencing the employment mix—that is, helping to put into jobs, both in the public sector and the private sector, workers who have been passed over and shunted aside, sometimes for what might be regarded as legitimate reasons and sometimes for reasons not so legitimate.

I think, Mr. Chairman, our views on this two-part problem can best be summed up by quoting from an address delivered by AFL-CIO President George Meany before the National Alliance of Businessmen which met on March 16 to talk about the JOBS program.

As you are aware, the AFL-CIO is cooperating with the effort being made by the NAB.

In his remarks to that group, President Meany pointed out that gradually the country has come to the realization that, despite the steady economic advance that had been made since 1961, "significant numbers of Americans were being left behind." He then went on to say:

And when this phenomenon was examined more closely, it was found that more job opportunities—while still essential—would not be enough. They would not be enough because so many of those who were being left behind, the hard core of the jobless, were simply not equipped for gainful employment.

They were not equipped in terms of education. They were not equipped in terms of work experience—the simple disciplines involved in any form of employment—since they had never been regularly employed. And most important, perhaps, they were not equipped in terms of motivation.

So it is not enough, it will not be enough, to go into the ghettos and say, "Here is a job." The deprived Americans who make up the hard core of the unemployed need to be taught and need to be trained before they can fill a job. And even before that, they must be motivated by the desire to fill one.

What they need, first of all, is confidence; or perhaps a better word is faith. They need to believe that the newly offered opportunity is real; that they can in fact become a part of the American society which until now has been as remote from them as the moon.

Senator CLARK. Please let me interrupt you to say I agree with you. How are we going to do that? Do we have to hire a corps of psychologists?

Mr. GOLDFINGER. No, Mr. Chairman. I think that the finding of real job opportunities, socially useful job opportunities, is a crucial aspect of this problem. Socially useful job opportunities that are not dead end, the chance to move up.

The kind of thing you indicated before in the parks of Philadelphia. We should start out doing that kind of socially useful work in cleaning up and maintaining the parks and then the opportunity, at least the chance, to move from that kind of job either into the private or public sectors into other kinds of jobs, civil service jobs, private jobs.
motivation, does it? How do you get them to take the first step to go

Senator CLARK. Yes, but this does not deal with the problem of out and work in the park?

Mr. GOLDFINGER. Here the thing is to offer the opportunity. You can't force anybody to take a job and you can't force anybody in a free society to do anything.

Senator CLARK. How about indoctrination? Reverend Sullivan gives his people a 2- or 3-week course in indoctrination, intended to induce motivation.

I am wondering if that is one of the more difficult things because so many of our conservative friends say they don't want to work, they are not interested in work, all they want to do is sit around and draw welfare.

I don't buy that in most cases, but there are a good many instances where that is true.

How do you go about creating motivation which takes somebody just sitting on the door stoop saying, "I don't want to go work," to do useful work?

Mr. GOLDFINGER. We agree with you that the kind of thing Reverend Sullivan is doing in Philadelphia is crucial. The kind of thing that many of the unions are doing in terms of Outreach programs, to reach out to these people, and to give them the basic concept of work habits and work discipline, all of these are essential.

But I think that the crucial thing is the opportunity to do socially useful work with a chance of moving up.

Senator PROUTY. Mr. Chairman, will you yield at that point?

Senator CLARK. Certainly.

Senator **Prouty**. Not long ago one of the more militant Negro leaders in Washington came to my office and we had a long discussion of this particular problem.

He mentioned an experience he had in the District. He arranged employment for some 50 or 75 hard-core unemployed people who had never worked and who had no skills or training of any kind. He arranged with some concern in this metropolitan area to hire on 50 or 75 of these people.

He reported it was an impossible task. He said he finally had to send people around to get them up in the morning in sufficient time to get them to work.

They would not work after they got there. The next day they remained home. They are used to staying up late nights and sleeping a good part of the day. This is another part of the problem which we have to face up to.

I think Stokely Carmichael said something similar with respect to some of the people in the District. We cannot ignore it because it is a basic problem.

Senator **Clark**. I don't think it is any answer to say we are providing socially useful work. So what? They don't want it, a lot of them.

Mr. **Biemiller**. I would like to interject here that we are well aware of exactly the type of problem you stated, Senator Prouty.

For example, there is going on, at the present time, an experiment between the A.T. & T. and the Communication Workers of America, in which they are recognizing these problems and they are doing exactly what you say.

They are going into the ghettos, they are pulling these people out. The first few days they are at work they make sure somebody goes and gets them and they have a buddy who keeps after them. And they have a counseling service and I think this is exactly what you are going to have to do if we are really serious about reaching our hard-core unemployed.

You even have to teach them habits of normal decency and health and sanitation. We are well aware of these problems.

This is the kind of program that in certain elements of the private sector we are endeavoring to work out and we think in the public sector you may have to do exactly all of these things.

Senator **Prouty**. Isn't it also true, Mr. Biemiller, that people out cleaning parks and streets and performing work of that nature in the public sector are not really developing any skills?

Perhaps they are acquiring some idea of work habits and the need and desirability of working—helping themselves—but most of them are not going to be really employable, are they?

Mr. **Biemiller**. I think, though, that you put your finger, yourself, on one of the values there. That is the development of a work habit and of a recognition that a certain amount of discipline has to go with it, using that term in its broadest sense.

If you start to work at 8 o'clock, you start to work at 8 o'clock, not at 8:17 or something of that sort, and that you have to get to the job, and so forth.

But you are right, this training has got to go on.

Also, I think in many of these jobs that we are talking about, as they go along you do find ways that people get more interested in working. They then become more interested in getting training for better jobs.

I think one example of it is "Pride" right here in Washington, where there seems to be some real progress being made.

We have many projects underway.

For example, in our apprentice trades we are reaching out finding people, helping them, training them, giving them special schooling so that they can qualify.

Only last week I heard the president of the United Association of Journeyman Plumbers & Steamfitters, talking with his people, saying, "You are going out and find these people, you are going to help train them."

Now we have to search because when you get into the apprentice trades, particularly, there is a background of education that is needed and it is a rather intensive background of education.

We have been doing this. We have reached out and found these lads and are bringing them in.

I think that if you first help these people acquire a work habit and get interested in working, just that simple thing, that working is important in life, you can then pick out of that group the group that you can go on and train into the more skilled trades.

This is the way we think the thing will work.

Senator **Prouty**. I think that is true. I think the reason Senator Clark and I raise these questions is that some people take it for granted that the easy solution is to put these people to work on some public kind of project.

Mr. **Biemiller**. Not at all. We do not think it is that simple. As I said we in the labor movement have run into this problem time after time.

As you may know, many of our unions, especially in the apprenticed trades, have gone to great lengths to facilitate entry to their trades on the part of youngsters from minority groups. They have established and cooperated with out-reach programs which provide special training and preparation to enable persons from underprivileged backgrounds to qualify for employment.

Yet they have often had to search for takers. The reason may lie in lack of confidence, lack of faith, and therefore lack of motivation. Those who have known nothing but deprivation, denial, and discrimination, who have been rejected so often by society in the past are skeptical of new offers of opportunity.

We in the AFL–CIO are pleased to see that others now recognize that we are dealing with a many-faced problem. From the earliest days of the Manpower Development and Training Act, the AFL–CIO has persistently argued for a vastly increased effort to provide the necessary remedial and supportive services in all of our manpower programs.

S. 3063 proposes to deal effectively with both parts of the problem. This bill spells out the need to provide more jobs through a program of public service employment as well as the importance of providing the strong program of remedial and supportive services required to aid disadvantaged workers find their way into existing public and private sector jobs.

We support this legislation enthusiastically. We would, however, propose some modifications.

One aspect of S. 3063 which we would like to see modified involves the role assigned to public service employment. The bill suggests that the public employment program will serve as a temporary stopover on the road to employment in the private sector, and that the proposed public service jobs would represent something other than "regular competitive employment."

This latter distinction is not made with respect to the jobs covered by the bill's provisions concerning the private sector.

Apparently, it is presumed that the workers who are placed in jobs in the private sector under the program of S. 3063—even though they will be receiving a variety of remedial and supportive services—will be the only ones regarded as regular employees.

We think that those who are placed in jobs in public service employment should be regarded in the same manner.

In view of the gap that now exists in the Nation's ever-growing need for public services, and in view of the opportunities for permanent employment in which this sector affords, we believe that it is very important—both terms of the need to provide services and the need to provide meaningful jobs—that the major thrust of S. 3063 should be in the direction of creating not only job slots, but regular employment as well.

There is no reason why public service employment should be viewed as less desirable than private sector employment, and there is no reason why jobs in public service employment need be dead end, as some critics assets.

There can be—in fact, there is—about as much opportunity to move up the career or skill ladder in public employment as in private employment.

Moreover, the additional services provided in S. 3063 will encourage and help bring about this mobility of workers in public service employment.

We believe that the present language of S. 3063 contains a serious—though unintentional—flaw. The present language seems to create a body of workers in public service jobs who will never be integrated into the regular work force.

This can, however, be avoided with the right kind of program design and the proper utilization of the tools which this legislation makes available.

The purpose of the counseling efforts and the supportive services provided for in the bill, whether in connection with the public employment program or the program involving the private sector, ought to be improvement in the employability of the workers—to make them more mobile occupationally.

Workers should be equipped to move up the ladder where they are employed or to seek better jobs elsewhere, either in the public or private sectors.

For this reason, we see the need to eliminate any suggestion that the proposed jobs in public service employment be distinguished from jobs in the private sector by characterizing the latter as "regular competitive employment."

Accordingly, we would suggest changing the language of the second sentence in section 2(a)(1) in findings and declaration of purpose to read as follows:

> Many such areas contain large concentrations or proportions of persons who are unable to obtain satisfactory jobs because of . . .

The necessary modifications to bring the rest of the bill into accord with this concept should be made in section 101(a)(3) and section 102(5) of title I, and wherever else appropriate.

So far as the aforementioned section 102(5) is concerned, we would propose the following language:

> 5. the education, training, and supportive services which complement the work performed and which will make the participants more mobile occupationally and improve their ability to compete in the job market in the future;

A second aspect of S. 3063 which, we believe, requires modification, deals with the lack of reference, in several sections, to the "underemployed." There is no reason why underemployed persons should not be given a chance for improved job opportunities which may be developed in either the public or private sectors as a result of the enactment of S. 3063.

These programs can—and should—help the employed poor. In many, many instances the barriers that stand between the underemployed and the chance to move up the ladder can be eliminated by the kinds of remedial and supportive services which S. 3063 would make available.

While this omission may simply be an oversight, we think it is sufficiently critical to call it to the attention of the subcommittee.

In section 101(a)(1) of title I, for example, it appears to us quite logical, and in fact desirable, to incorporate the underemployed as a target group.

We would urge, therefore, that on this issue the language of the bill be made unmistakably clear—in this section as well as wherever else it might be applicable—because we simply should not ignore the plight of the employed poor. They number in the millions.

With respect to title II, in order to try to assure that the program reaches those disadvantaged workers most in need, we would suggest the following:

1. In section 202(1), the words "might not be full productive" should be clarified to better indicate what is meant. We assume it refers to a worker who is not as fully productive as the workers the employer normally would hire for the same job.
2. In section 204(4), the reference to "costs of spoilage of work" should be preceded by the word "excessive" or something similar to indicate that reimbursement is for unusual costs.
3. In section 203(2), there should be reference to the method of certification of eligible employees, which should be the responsibility of the employment service or the concentrated employment program in the community.
4. In section 204, the safeguard against the use of funds provided by the program "to transfer any enterprise from one area to another" should be in terms of employment as well as the enterprise.

Senator Prouty. Mr. Biemiller, I have just been advised that there are some 4-H ladies in my office at the present time who wish to see me. Before I leave, I would like to ask one or two questions which you may cover in your statement.

What is being done to open up apprenticeship programs and exclusive hiring halls in and by local unions which have refused to go along with the policies of the Building and Construction Trades Union Department and the National AFL-CIO in opening up training and employment opportunities for disadvantaged persons?

Mr. **Biemiller**. As I was saying earlier, all of the international unions affiliated with the Building and Construction Trades Department are now actively engaged in a very fundamental and far-reaching campaign to sent international representatives into such locals and see to it that their lists are opened up.

This is going on. I am sure it is going to get results. I have seen it happen. I have seen in many places where the program has gone to great extremes to try to get people in.

For example, in Milwaukee an apprenticeship fair recently was held where each of the 19 affiliated unions in the Construction and Building Trades Department took space in the Milwaukee auditorium, had their business agents and other qualified officers there to interview anyone who wanted to come along and discuss the apprenticeship program with them.

So that reaching out is going on and will be continued throughout the Nation.

Senator **Prouty**. I think you will agree with me this has been a very major problem in the past.

Mr. **Biemiller**. There is no denying it. I think today you will find it is pretty well under control.

Senator **Prouty**. For example, do you know the percentage of Negroes who are members of craft unions such as plumbers, painters, carpenters, and so forth, in the District of Columbia?

I know you don't have those figures in mind, but will you furnish them for the record?

Mr. **Biemiller**. I can furnish them.

I can also say, there has been an awful lot of misinformation around. I remember, just a few years ago, reading Negroes were excluded from the Bricklayers Union in the District of Columbia when there was a Negro who won a contest for the bricklayers.

There has been an awful lot of misinformation. I will be glad to get you the figures.

Senator **Prouty**. As you know, Mr. Abel, of the steelworkers, was a member of the President's Riot Commission and endorsed the recommendation for tax credits made by the Commission.

Mr. **Biemiller**. Just a moment.

Senator **Prouty**. The Commission certainly endorsed it.

Mr. **Biemiller**. The Commission did; but you will remember that there was a definite statement made that not all members of the Commission agreed to every statement made by the Commission. It was a consensus opinion.

Senator **Prouty**. Has Mr. Abel stated publicly that he disagrees with that provision?

Mr. **Biemiller**. No, but Mr. Abel is chairman of the Economic Policy Committee of the AFL-CIO. He was also secretary of the resolutions committee at the AFL-CIO convention and in both capacities has presented statements to the convention of the AFL-CIO, to the executive council of the AFL-CIO, which categorically state that we are opposed to the use of tax credits.

Senator **Prouty**. I have one other question, and then I will have to leave. We refer to the difficulty in the building and construction trade unions with respect to disadvantaged persons.

Now I know of one example, without any racial overtones, whatsoever, relating to an MDTA on-the-job training program being conducted by one organization in my own State.

While this program is proceeding, union opposition last winter forced this organization to eliminate the second group of a two-group project from its application. I might add that the union agreed to the second group later this spring, and it was approved after I intervened, but the funds would have been lost which would have resulted in taking only about 50 percent of the trainees which the employers were willing to train and hire under this program.

It seems to me that is a problem you have to face all over the country.

Mr. **Biemiller**. If you will give me the details on that program, I don't mean at the moment, but if you will furnish them to me, I will be glad to check into it because we want to know about all these cases.

Senator **Prouty**. I am afraid it would not make me very popular with some of my union friends in that particular area. That is another problem that we have to face. I am always glad to see you and hear you.

Mr. **Biemiller**. I am glad to see you, Mr. Prouty.

Senator **Clark**. I was called out of the room while you were giving part of your testimony, Mr. Biemiller, but I am looking at it now.

I note the number of suggestions you have made for amendments to the bill. I assure you that we will consider them very carefully. From the top of my head they make pretty good sense to me.

You have not finished, have you?

Mr. **Biemiller**. I was just starting on the paragraph which starts, "So far as title III is concerned, we would point out that the protection offered by the Fair Labor Standards Act in the area of public service employment is minimal."

As a standard for seeking to accomplish the purposes of this bill, it leaves much to be desired. We recognize that the inclusion of this provision is designed to provide a protective floor. Just as we recognize that in many areas, the prevailing wage rate will provide a more beneficial minimum.

Nevertheless, we are convinced that the real goals of this legislation will not be accomplished if the main targets of the public sector programs are jobs paying the $1.15 hourly rate that now applies to schools and hospitals.

Accordingly, we would suggest that the subcommittee indicate in the bill that its intention in this respect is to establish a priority for jobs in which wages are above the FLSA floor.

Senator **Clark**. That means the minimum wage?

Mr. **Biemiller**. Right.

We believe that to do otherwise would help to defeat that intent, and purpose of the forward-looking effort which is embodied in this bill.

Senator **Clark**. How do you meet the conservative argument that such a provision means you would not get anybody hired because these hospitals that are nonprofit agencies cannot afford to pay the FLSA minimum?

Mr. **Goldfinger**. We do not believe that this would generally be true, sir. It may be true in some areas, and in those areas the FLSA minimum would apply. What we are suggesting in general here, is that the thrust of this problem be aimed at getting jobs which pay above the FLSA minimum, with the FLSA minimum as a floor.

We recognize the difficulties in some areas of the country but we are suggesting that the FLSA minimum be applied strictly as a floor and that an effort be made in carrying out the program to move above the FLSA minimum to the prevailing wage concept in the area, whichever is higher as the bill does provide.

Senator **Clark**. I think there is still a lot of missionary work to be done in the Senate in that regard. I am still getting perfectly sincere comments from some of my southern colleagues to the effect that the deplorable conditions in the Delta of Mississippi are due to the fact that they imposed a minimum wage standard and this caused automation and then widespread unemployment.

Of course, I don't believe it, but there is a lot of missionary work still to be done.

Mr. **Biemiller**. We agree there is a lot of missionary work to be done. I am sure you are also familiar in the same genre, with the study made by the Department of Labor, about the allegations that the minimum wage had knocked a lot of people out of work and forced companies to the wall, and so forth.

You will recall that in that study, after examining every complaint they received, they found exactly three cases in the entire United States.

Senator **Clark**. I suggest to you, I am sure not for the first time, if you could get the South unionized a lot of these problems would disappear.

Mr. **Biemiller**. We could not agree with you more. We have said this repeatedly. Both Mr. Goldfinger and I have attended a great many conferences that have been held particularly on the concept of trying to get more jobs in the rural South.

We agree with the opinions you were expressing earlier during Mayor Tate's testimony that we want to see rural jobs promoted but you are not going to get prosperity in the South if you try to break the minimum wage, of all things.

Senator **Clark**. This is why we have to stop this industrial piracy and the use of these tax exempt industrial bonds.

Mr. **Biemiller**. We were delighted, Senator, that the Ribicoff Amendment carried in a rather enlarged excise tax bill which the Senated passed yesterday.

Senator **Clark**. Part of the Christmas tree.

Mr. **Biemiller**. Easter basket.

Senator **Clark**. Easter basket.

Mr. **Biemiller**. We are hopeful that that is one amendment that might survive, although generally speaking, we think this business of tacking riders onto an excise tax bill is open to a lot of criticism.

Finally, Mr. Chairman, we advocate as we have in the past, a considerably greater effort with respect to jobs in public service employment.

Obviously what is proposed in the bill under consideration—300,000 such jobs in fiscal 1969, 600,000 in fiscal 1970, and 1.2 million in fiscal 1971 and 1972—is a significant step forward and we are encouraged by it.

We are on record, however, in support of legislation which would create one million such jobs immediately and we so recommend to this subcommittee.

Senator **Clark**. The reason we did it is after talking with the Department of Labor we came to the conclusion that it was impossible to get geared up for it.

This raises the question I raised with you earlier, and also Mayor Tate's question, as to where we are going to get the skilled personnel to provide the administrative direction for this really massive effort.

Do you have any thoughts on that?

Mr. **Goldfinger**. I think it was a couple of days ago that Mr. Gardner testified on behalf of the Urban Coalition and presented some information to the committee on this.

You will recall that he referred to a study which was done for the Urban Coalition by Dr. Harold Shepard of the Upjohn Institute.

Senator **Clark**. Who was with Mr. Gardner at the time and was former consultant to this subcommittee?

Mr. **Goldfinger**. Yes. As Mr. Gardner pointed out, based on a preliminary analysis, Dr. Shepard concluded that at least 141,000 persons could be employed almost overnight in the 130 cities with populations over a hundred thousand.

Those would be jobs in regular city departments where supervisors are already available and the work tasks are clearly defined.

If you extend that to the smaller cities, to the counties and the States, the nonprofit organizations which you mentioned before, it is our conviction that we could get tuned up for a half million jobs within a couple of months or so and in all likelihood be up to a million or more jobs within a period of a year.

Senator **Clark**. Half a million, the number mentioned by Mr. Abel yesterday in Pittsburgh.

Go ahead, Mr. Biemiller.

Mr. **Biemiller**. We believe jobs in that number are needed now. We believe they will make a meaningful contribution to society—to the people who need jobs as well as to the people who need public services.

And we believe that it represents a realistic program aimed at accomplishing the goal of this subcommittee—the elimination of poverty.

The AFL–CIO's 1967 convention passed numerous resolutions emphasizing the need for immediate Federal action creating one million public service jobs.

The urgency of such a program was spelled out in the convention's resolution on "America's Urban Crisis." As this resolution declared:

> America's urban crisis did not come upon this nation without warning. It has been coming for a long time.
>
> This national complex of social and economic problems cannot be solved by city or state governments in isolation. Neither can it be mainly solved by private enterprise, even with the promise of tax subsidies. Solutions to these problems require nationwide social and economic measures, with adequate federal funds

and federal standards—and with the cooperation of city and state governments and private groups.

America cannot wait any longer to get started. The federal government must supply the leadership and resources to the comprehensive national effort that is mandatory.

In closing, Mr. Chairman, I would once again like to express our appreciation for having been given the opportunity to present our views on S. 3063 and to congratulate you for having the wisdom and courage to introduce this bill, which we in the AFL-CIO regard as vitally needed legislation.

Thank you very much.

Senator CLARK. Thank you, Mr. Biemiller, for your very useful testimony. It has been most helpful to the subcommittee. You are a realist as well as being a former Member of Congress.

I suspect you know that we are not going to get this program or anything like it in the light of the present monetary and fiscal dollar crisis, and the great disinclination of most of the Members of Congress to vote for a massive tax increase. Unless we do something to curtail the enormous military expenditures which are now being made in Vietnam, and unless the leaders of organized labor take a different view about the necessity of spending all that money in Vietnam, we can't get the money.

Mr. BIEMILLER. While we would like to reduce military spending we don't think that these cuts can involve our Vietnam efforts. We think there are other parts of the military budget that could be cut.

Senator CLARK. That, of course, is the easiest way to do it.

Mr. BIEMILLER. We think there are massive cuts that could be made.

Senator CLARK. Yes; but we are dealing with $20 billion, let us face it, between taxes and expenditures. I am terribly concerned, I suspect you are too, at the growing monetary crisis. It is much worse than the people of America understand.

I wonder if you have had an opportunity to take a look at S. 3249, the Republican substitute for S. 3063. They call it the Employment Incentive Act.

These hearings are on that bill as well as on mine.

Mr. BIEMILLER. It reached us a little late for any detailed comment. I will make a couple of general observations. In the first place, we are delighted to find this recognition on the part of a broad spectrum of Republican Senators that something does have to be done.

We certainly give them an "A" for effort on the whole thing that they have done: and their agreement that there are jobs both in the private and public sectors.

We think this is an important forward step and we are delighted it is there.

We also would be in sympathy with the concept which is implicit in their bill, of recognizing through the MDTA Act that it is not only automation that is a problem today, but also the sort of thing we have been discussing earlier, of job motivation, of counseling services and the like.

So far as the bill has that kind of concept, we would certainly agree with it. We think there are some flaws in it and we would be happy to submit some details. One little minor flaw that I would just like to comment on which I think is just inadvertent, without passing on the so-called "green card" concept as to whether that is a good way of attacking the problem.

The phrase "green cards" to the labor movement is a very obnoxious phrase. This, to us, means Mexican commuters who have caused us all kinds of problems.

Senator **Clark**. I think for the record and for my own edification you had better explain what the "green card" concept is.

Mr. **Biemiller**. A green card is a card held by Mexican commuters, workers who live in Mexico but cross the border to work.

Senator **Clark**. Braceros?

Mr. **Biemiller**. No. We got rid of the bracero program, thanks to your help and that of many other Senators. These are people who have a so-called green card, the card is green. It entitles them to cross the border constantly.

Senator **Clark**. Maybe that is better than if it were red.

Mr. **Biemiller**. They have become a real problem in strike breaking, in working for miserably low wages. We have had a constantly running problem here. We have had some redress here in a recent order of the Attorney General that you can't employ them in places where the Secretary of Labor has certified that a strike exists.

But if they have been around earlier and working there they can continue as strikebreakers and so on.

I am just saying this happens to be an unfortunate choice of words for that kind of program. Maybe blue cards if you are going ahead with that kind of program.

We all have our little idiosyncracies. This happens to be one of ours. We don't like the phrase "green cards."

Senator **Clark**. Speaking about the bill, itself, what is your reaction to the concept of block grants to States and the thought that maybe all of this money ought to be channeled to the States and localities by the Federal Government, instead of bypassing them as we have done in some of the other programs?

Mr. **Biemiller**. In the first place, the labor movement is very allergic to the concept of block grants in any area.

We thing it is a mistake. We think as a minimal objection, you would run into all kinds of problems of applying title VI of the Civil Rights Act of 1964 in some States.

Senator **Clark**. I would hazard a guess in most States.

Mr. **Biemiller**. How are you going to follow through on it? Second, we certainly believe that the real relationship here should be with the cities. We share in general the views expressed here earlier by yourself and Mayor Tate that we think if you go through the States, the cities are still going to get shortchanged.

I suppose my own views are prejudiced by the fact that as a member of the Wisconsin Legislature from the city of Milwaukee we always had great trouble with that legislative body.

We think this continues in spite of the one-man, one-vote problem. There is a tendency to shortchange the cities.

Senator **Clark**. That was my own experience with the legislature in Harrisburg when I was mayor of Philadelphia. However, Mr. Biemiller, if this bill is going to pass the Senate in the present temper of the country and is going to have any chance in the House at all we may have to make some adjustment here to meet the view of the Republicans. They would like to do something about this emergency employment situation but have suddenly become the advocates of States' rights.

I wish you would put your fertile brain to work and those of your associates to see if you can help us work out something that may be necessary to keep the opposition quiet and keep Senator Prouty happy.

We are going to need people like that because there are so many other members on the other side of the aisle who do not wish to do anything.

Mr. **Biemiller**. We recognize the existence of the problem which you state, Mr. Chairman. We thought that we had made some real progress in this direction nearly a year ago when on the poverty debate you had a title that was quite similar, in our opinion, to what is in S. 3063.

We had hoped at that time that we had worked out the basic concept that would be acceptable enough to pass a bill.

Senator **Clark**. Maybe that is the way to do it. Mr. Patricelli, representing Senator Javits, is demanding equal time.

Mr. **Patricelli**. Mr. Biemiller, I do want to clarify the record on one point. The nature of the State role in S. 3249 is that 40 percent of the funds available for community service employment programs would be channeled through a State plan arrangement and it would be a State plan drawn up in large part by local people, people reflecting the resources of manpower training and employment programs at the local level.

There is a very serious effort on the part of the sponsors of this bill to make some arrangement for meeting the interests of both the localities and the States here.

Now, do you have any suggestions as to how the admitted resources, financial and in terms of personnel of the States can be brought to bear on these problems unless some kind of State role is specified in the legislation?

Mr. **Goldfinger**. In the first place, there are State agencies and State programs which should qualify directly for this kind of program, you know, in terms of their own efforts.

But we fail to see the need to see that the State pass through. You are implying that the State would be a kind of pass through agency.

It is at the point of pass through in many States where we have some doubts as to the allocation of the funds and also the kind of programs that would be funded. We think that the issue of Federal standards which Mr. Biemiller already alluded to, such as the civil rights standard, labor standards, and other standards, may also be bypassed.

These kinds of issues are very important in conducting a program of this nature. We just fail to see the need for this kind of State pass through, you know, passing through Federal funds to the cities and the local governments.

We certainly support the idea of Federal funds for these purposes to the States for their own programs, for the State programs and State parks, State institutions and so on.

There is a great need for public service employment, we believe, in State institutions and in State programs. It is on the point of the State pass through where we have some very serious doubts.

Mr. **Patricelli**. This traces, I take it, to your doubt about the capacity or willingness of some State governments to administer a program like this in the fashion we would all agree it should be administered?

Mr. **Goldfinger.** Yes, that is exactly our point.

Mr. **Biemiller.** We would hate to see the Governor of Alabama or her consort administering these programs.

Mr. **Patricelli.** I think the authors of the bill are interested in providing all possible safeguards for local interests within the State plan arrangement. I am sure they would like to receive from you gentlemen, if you thought it appropriate, any added language to the State plan criteria that might insure against malfeasance or nonfeasance under such an arrangement.

This is assuming some kind of State plan might be adopted. Would you be interested in submitting ideas as to how it could be made effective?

Mr. **Goldfinger.** The issue of Federal standards, for example, in terms of civil rights, of fair employment practices and also of the wage levels paid, of labor standards, are all crucial.

Now more than that, there is a posssibility in the example that Mr. Biemiller gave of Alabama, the possibility that not only would those kinds of standards be bypassed but if they could not be bypassed and the State was the pass through, you know, the required pass through, that perhaps the great needs of the unemployed and underemployed and poverty-stricken sections of the Alabama population may be deprived of the opportunity of participating in this program if the Governor of the State is given this kind of veto power.

Mr. **Patricelli.** Let me just say that 60 percent of the fund are reserved here for direct grants by the Secretary. There is every possibility for him to balance out any inequities.

But if there are any elements that you feel are missing in the State plan requirement, I am sure the authors of the bill would like to have you thoughts on it, whether or not the plan is ever adopted.

Mr. **Goldfinger.** We will be happy to supply some of our thoughts on this issue.

Mr. **Patricelli.** Could I ask a general question as to whether there are some elements in the bill that you like and you would like to see emerge in any final bill?

Mr. **Goldfinger.** Well, we have not had a chance to carefully examine the bill because we didn't get the bill until, I think it was, Monday. It wasn't until then, Monday late afternoon and Tuesday, that we really began to look at the bill.

As Mr. Biemiller has already indicated, we are very happy about the recognition of the needs for the job program which the bill states.

Furthermore, we are very happy about the recognition in the bill for the need for jobs in public service employment. These are great things which we would hope would go forward.

There are other things where we have some serious doubts in terms of the tax credit program. For example, tax credits for what and under what conditions? Nothing like that is ever spelled out.

But as I say, we have not had the chance to carefully go over the bill and make detailed notes.

Mr. **Patricelli.** You may not know that former Secretary Gardner firmly endorsed one portion of the bill on Monday, which was the idea of a national technical assistance corporation to work with the private sector.

Do you have any feeling about that provision of the bill?

Mr. GOLDFINGER. We would like to look at that a little more carefully. Just off the top of my head I am not sure of what useful purpose that kind of private corporation would serve.

It seems to me that the appropriate agencies of Government, with direct Federal funds and Federal standards, provide these services.

This is done by the Labor Department. It is done by the Department of HEW and by the OEO. I just do not see where there is a need for this kind of private corporation and what kinds of technical services would be provided that are not being provided and can't be provided by the appropriate Government agencies.

Senator CLARK. Bob, will you yield? It is now 12:15. I don't know how much more of the morning hour we will have. I would suggest that we ask Mr. Biemiller and his associates to submit a rather comprehensive series of comments on 3249.

If Senator Javits would like to call them back later, I am sure they will return.

Thank you very much, gentlemen. Your statement will be very useful to us.

(The prepared statement of Mr. Biemiller follows:)

PREPARED STATEMENT OF ANDREW J. BIEMILLER, DIRECTOR, DEPARTMENT OF LEGISLATION, AFL-CIO

Mr. Chairman, my name is Andrew J. Biemiller and I am Director of the Department of Legislation of the American Federation of Labor and Congress of Industrial Organizations, in whose behalf I am appearing.

At the outset I would like to say that we are indeed pleased to have the opportunity to present our views on S. 3063. As is well known, the AFL-CIO is firm in its conviction that jobs at decent wages are the most important requirement in our nation's search for solutions to the interrelated problems of poverty, deprivation and racial unrest. The labor movement is committed to the proposition that none of these problems can be solved without full employment.

Because we believe this as strongly as we do, we wish to commend you, Mr. Chairman, for the continuing effort you have been making to keep this issue of employment at the center of the stage.

It is not necessary to parade any new army of statistics to provide evidence that more jobs are urgently needed. Such statistics were placed in the Congressional Record by you, Mr. Chairman, when you introduced S. 3063 on February 29. At that time you pointed out:

> 11.8 million persons of working age were poor in 1966, either because of joblessness, part-time work, or low wages;
>
> 4.6 million poor Americans of working age in 1966 were heads of families in which 12½ million children were being reared;
>
> The unemployment rate—3.8 percent in 1967—conceals almost as much unemployment as it reveals, and ignores "hidden unemployment."
>
> The number of able-bodied working-age Americans who were jobless in September 1966 was 4.4 million, although the number listed in the regular monthly report by the Bureau of Labor Statistics was 2.8 million.

The picture could be filled in further with data on unemployment in the central cities, in the rural areas, among Negroes, Mexican-Americans, Puerto Ricans and Indians, among teenagers—especially Negro teenagers—and among older workers. It is, to put it mildly, not a pretty picture, as you well know.

We should be clear, however, that the picture would be infinitely worse had we not in recent years enacted the many programs that we did, a number of which—especially those in manpower training and anti-poverty fields—were given legislative birth by this Subcommittee. There is no need to deny that we have, indeed, made substantial progress in the last few years but, having said so, we must recognize that many of the problems—in all their severity— are still with us. And they require immediate action.

Because we have made progress—and because the official unemployment rate is lower than it has been since the early 1950's—some persons shrink from any further meaningful effort to deal with those problems. Instead, they repeat that meaningless bit of conventional wisdom which says that "anybody who really wants a job can find one." It is meaningless because, to whatever extent there are jobs available, they are in highly-skilled or professional occupations, which require several years of training; or they are very low-wage and dead-end; or they involve travel distances which create time and cost barriers. In short, whatever jobs do exist do not provide much of an answer to the problem at hand.

Moreover, it appears to us that all of the talk about the availability of jobs is contradicted by the evidence. The record of this Subcommittee's previous hearings in connection with the War on Poverty is replete with statements about the need for more jobs, and these statements come from those closest to the scene—local officeholders, program administrators and the jobless. Furthermore—and this is to us highly significant—not a single one of the Economic Opportunity Act work programs, that we know of, has had any difficulty in filling job slots for which it has been funded. These jobs, I would emphasize, are by and large in the public service field. Such jobs can be meaningful, more conveniently located and, in most instances, provide wages that will carry the jobholder above the poverty line.

Because jobs are needed, and because jobs in public service employment can meet the need, the AFL–CIO believes strongly that such a program should be enacted by this Congress. We are not alone in this call for action. Our allies include the Commission on Technology, Automation, and Economic Progress; the Urban Coalition; the 1966 White House Conference on Civil Rights; the President's National Advisory Commission on Rural Poverty; and the President's Commission on Civil Disorders, among others.

In your speech to the Senate when you introduced S. 3063, Mr. Chairman, you included estimates from the Report of the Commission on Automation on the number of jobs which could be created to meet existing public service needs of our society. The total was 5.3 million.

Thus, the work is there to be done. The Commission on Automation pointed to "the anomoly of excessive unemployment in a society confronted with a huge backlog of public service needs in its parks, its streets, its slums, its countryside, its schools and colleges, its libraries, its hospitals, its rest homes, its public buildings, and throughout the public and nonprofit sectors of the economy." The Commission also stated that "employing the unemployed is, in an important sense, almost costless," and that to provide the unemployed with meaningful public service jobs "increases not only their income but that of society."

Jobs, however, are only a part of the problem. A second part involves influencing the employment mix—that is, helping to put into jobs, both in the public sector and the private sector, workers who have been passed over and shunted aside, sometimes for what might be regarded as legitimate reasons and sometimes for reasons not so legitimate.

I think, Mr. Chairman, our views on this two-part problem can best be summed up by quoting from an address delivered by AFL–CIO President George Meany before the National Alliance of Businessmen which met on March 16 to talk about the JOBS program. As you are aware, the AFL–CIO is cooperating with the effort being made by the NAB. In his remarks to that group, President Meany pointed out that gradually the country has come to the realization that, despite the steady economic advance that had been made since 1961, "significant numbers of Americans were being left behind." He then went on to say:

"And when this phenomenon was examined more closely, it was found that more job opportunities—while still essential—would not be enough. They would not be enough because so many of those who were being left behind, the hard core of the jobless, were simply not equipped for gainful employment.

"They were not equipped in terms of education. They were not equipped in terms of work experience—the simple disciplines involved in any form of employment—since they had never been regularly employed. And most important, perhaps, they were not equipped in terms of motivation.

"So it is not enough, it will not be enough, to go into the ghettos and say, 'Here is a Job.' The deprived Americans who make up the hard core of the unemployed need to be taught and need to be trained before they can fill a job. And even before that, they must be motivated by the desire to fill one.

"What they need, first of all, is confidence: or perhaps a better word is faith. They need to believe that the newly-offered opportunity is real; that they can in fact become a part of the American society which until now has been as remote from them as the moon.

"We in the labor movement have run into this problem time after time. As you may know, many of our unions, especially in the apprenticed trades, have gone to great lengths to facilitate entry to their trades on the part of youngsters from minority groups. They have established and cooperated with 'out-reach' programs which provide special training and preparation to enable persons from underprivileged backgrounds to qualify for employment.

"Yet they have often had to search for takers. The reason may lie in lack of confidence, lack of faith, and therefore lack of motivation. Those who have known nothing but deprivation, denial and discrimination, who have been rejected so often by society in the past are skeptical of new offers of opportunity."

We in the AFL-CIO are pleased to see that others now recognize that we are dealing with a many-faceted problem from the earliest days of the Manpower Development and Training Act, the AFL-CIO has persistently argued for a vastly increased effort to provide the necessary remedial and supportive services in all of our manpower programs. S. 3063 proposes to deal effectively with both parts of the problem. This bill spells out the need to provide more jobs through a program of public service employment as well as the importance of providing the strong program of remedial and supportive services required to aid disadvantaged workers find their way into existing public and private sector jobs. We support this legislation enthusiastically. We would, however, propose some modifications.

One aspect of S. 3063 which we would like to see modified involves the role assigned to public service employment. The bill suggests that the public employment program will serve as a temporary stopover on the road to employment in the private sector, and that the proposed public service jobs would represent something other than "regular competitive employment." This latter distinction is not made with respect to the jobs covered by the bill's provisions concerning the private sector. Apparently, it is presumed that the workers who are placed in jobs in the private sector under the program of S. 3063—even though they will be receiving a variety of remedial and supportive services—will be the only ones regarded as regular employees. We think that those who are placed in jobs in public service employment should be regarded in the same manner.

In view of the gap that now exists in the nation's ever-growing need for public services, and in view of the opportunities for permanent employment in which this sector affords, we believe that it is very important—both in terms of the need to provide services and the need to provide meaningful jobs—that the major thrust of S. 3063 should be in the direction of creating not only job slots, but regular employment as well.

There is no reason why public service employment should be viewed as less desirable than private sector employment, and there is no reason why jobs in public service employment need be dead-end, as some critics assert. There can be—in fact, there is—about as much opportunity to move up the career or skill ladder in public employment as in private employment. Moreover, the additional services provided in S. 3063 will encourage and help bring about this mobility of workers in public service employment.

We believe that the present language of S. 3063 contains a serious—though unintentional—flaw. The present language seems to create a body of workers in public service jobs who will never be integrated into the regular workforce. This can, however, be avoided with the right kind of program design and the proper utilization of the tools which this legislation makes available.

The purpose of the counseling efforts and the supportive services provided for in the bill, whether in connection with the public employment program or the program involving the private sector, ought to be improvement in the employability of the workers—to make them more mobile occupationally. Workers should be equipped to move up the ladder where they are employed or to seek better jobs elsewhere, either in the public or private sectors. For this reason, we see the need to eliminate any suggestion that the proposed jobs in public service employment be distinguished from jobs in the private sector by characterizing the latter as "regular competitive employment."

Accordingly, we would suggest changing the language of the second sentence in Sec. 2(a)(1) in Findings and Declaration of Purpose to read as follows:

"Many such areas contain large concentrations or proportions of persons who are unable to obtain satisfactory jobs because of . . ."

The necessary modifications to bring the rest of the bill into accord with this concept should be made in Sec. 101(a)(3) and Sec. 102(5) of Title I, and wherever else appropriate.

So far as the aforementioned Sec. 102(5) is concerned, we would propose the following language:

"5. the education, training, and supportive services which complement the work performed and which will make the participants more mobile occupationally and improve their ability to compete in the job market in the future;"

A second aspect of S. 3063 which we believe requires modification deals with the lack of reference, in several sections, to the "underemployed." There is no reason why underemployed persons should not be given a chance for improved job opportunities which may be developed in either the public or private sectors as a result of the enactment of S. 3063.

These programs can—and should—help the employed poor. In many, many, instances the barriers that stand between the underemployed and the chance to move up the ladder can be eliminated by the kinds of remedial and supportive services which S. 3063 would make available.

While this omission may simply be an oversight, we think it is sufficiently critical to call it to the attention of the Subcommittee. In Sec. 101 (a)(1) of Title I, for example, it appears to us quite logical, and in fact desirable, to incorporate the underemployed as a target group. We would urge, therefore, that on this issue the language of the bill be made unmistakably clear—in this section as well as wherever else it might be applicable—because we simply should not ignore the plight of the employed poor. They number in the millions.

With respect to Title II, in order to try to assure that the program reaches those disadvantaged workers most in need, we would suggest the following:

1. In Sec. 202 (1), the words "might not be fully productive" should be clarified to better indicate what is meant. We assume it refers to a worker who is not as fully productive as the workers the employer normally would hire for the same job.
2. In Sec. 202 (4), the reference to "costs of spoilage of work" should be preceded by the word "excessive" or something similar to indicate that reimbursement is for unusual costs.
3. In Sec. 203 (2), there should be reference to the method of certification of eligible employees, which should be the responsibility of the employment service or the Concentrated Employment Program in the community.
4. In Sec. 204, the safeguard against the use of funds provided by the program "to transfer any enterprise from one area to another" should be in terms of *employment* as well as the enterprise.

So far as Title III is concerned, we would point out that the protection offered by the Fair Labor Standards Act in the area of public service employment is minimal. As a standard for seeking to accomplish the purposes of this bill, it leaves much to be desired. We recognize that the inclusion of this provision is designed to provide a protective floor. Just as we recognize that in many areas, the prevailing wage rate will provide a more beneficial minimum. Nevertheless, we are convinced that the real goals of this legislation will not be accomplished if the main targets of the public sector programs are jobs paying the $1.15 hourly rate that now applies to schools and hospitals. Accordingly, we would suggest that the Subcommittee indicate in the bill that its intention in this respect is to establish a priority for jobs in which wages are above the FLSA floor.

We believe that to do otherwise would help to defeat the intent, and purpose of the forward-looking effort which is embodied in this bill.

Finally, Mr. Chairman, we advocate, as we have in the past, a considerably greater effort with respect to jobs in public service employment. Obviously what is proposed in the bill under consideration—300,000 such jobs in Fiscal 1969, 600,000 in Fiscal 1970, and 1.2 million in Fiscal 1971 and 1972—is a significant step forward and we are encouraged by it.

We are on record, however, in support of legislation which would create one million such jobs immediately and we so recommend to this Subcommittee.

We believe jobs in that number are needed—now. We believe they will make a meaningful contribution to society—to the people who need jobs as well as to the people who need public services. And we believe that it represents a realistic program aimed at accomplishing the goal of this Subcommittee—the elimination of poverty.

The AFL-CIO's 1967 convention passed numerous resolutions emphasizing the need for immediate federal action creating one million public service jobs.

The urgency of such a program was spelled out in the convention's resolution on "America's Urban Crisis." As this resolution declared:

"America's urban crisis did not come upon this nation without warning. It has been coming for a long time.

"This national complex of social and economic problems cannot be solved by city or state governments in isolation. Neither can it be mainly solved by private enterprise, even with the promise of tax subsidies. Solutions to these problems require nationwide social and economic measures, with adequate federal funds and federal standards—and with the cooperation of city and state governments and private groups. . . .

"America cannot wait any longer to get started. The federal government must supply the leadership and resources to the comprehensive national effort that is mandatory."

In closing, Mr. Chairman, I would once again like to express our appreciation for having been given the opportunity to present our views on S. 3063 and to congratulate you for having the wisdom and courage to introduce this bill, which we in the AFL-CIO regard as vitally needed legislation.

Thank you very much.

Senator **Clark**. Our final witness is Dr. Frank Riessman, director, New Careers Development Center, New York University.

Dr. Riessman, I apologize for keeping you waiting so long. I have had a chance to read your testimony which I think is most valuable. We will have it printed in full in the record.

I am particularly gratified over your specific recommendations for changes in the bill which we will consider very carefully. You summarized them in your statement but you discuss them in a detailed way throughout your prepared statement.

I think in view of the lateness of the hour I will ask you to summarize your own views from your statement as to what you think are the most important aspects of this bill and where changes should be made.

To give you a frame of reference, I am particularly interested in where you stress the need for the requirement for the training of supervisory personnel, and then you come down with the same general thought dealing with crediting employers with respect to additional training of supervisory personnel.

I did think that the other witnesses took a rather cavalier view of what seems to me to be a terribly important problem of assuring that we do have the skills to adequately train, all the way from motivation to technology, these enormous numbers of hard-core unemployed that would be put to work under these bills.

Perhaps you can take over from there and give us your thinking about the size and complexity of the program and put the matter perhaps in a little bit better perspective.

STATEMENT OF FRANK RIESSMAN, PH. D., DIRECTOR, NEW CAREERS DEVELOPMENT CENTER, NEW YORK UNIVERSITY, NEW YORK CITY

Mr. **Riessman**. A couple of introductory comments will deal directly with that and some of the previous testimony. There is a good deal of concern being given to the recruitment of the hard-core poor. Most of the efforts indicates that they are easy to recruit but they are difficult to keep.

I think one of the major points we want to make here is the way of keeping them is not to simply offer on-the-job, introductory skill training, and the bill is very positive on several of these points; what is required is the development of supportive services and the whole supportive pattern connected with real benefits.

Senator **Clark**. I would like to have you expand on this word of art, supportive services.

Mr. **Riessman**. Yes. Supportive services includes obviously more than skill training. It includes the use of backup persons, or coaches. It includes the training of supervisors, middle line management. We note in the bill there does not seem to be a provision for supportive services in the private sector.

We think this is a major error and should be changed.

Senator **Clark**. Now I take it you would think that the private employer should get reimbursement credit in the inducement given to him for creating supportive services?

Mr. **Riessman**. Yes.

Senator **Clark**. Do you think it ought to be spelled out in detail what kind of supportive services we are talking about?

Mr. **Riessman**. There are a variety of kinds that ought to be considered, including possibly the supporting of training centers that would provide training for supervisory personnel.

Just a word on this. In the "Jobs Now" program in Chicago, which we mention here, where there was supportive backup by coaches, the holding power on the job was enormously greater than it was in situations where they did not have these coaches.

Senator **Clark**. You use the word "coaches" which I have used myself without thinking very much about it. Is this what these people are, really, coaches?

Mr. **Riessman**. Well, they are people who in a sense intervene, back up the worker and intervene for him with the employer and interpret him to the employer.

You raised the question earlier of the need for a training staff, training capability. We don't have enough trainers. It should be noted that those coaches were themselves not long ago hard-core workers, who had moved up to these nonprofessional positions.

Senator **Clark**. You mean hard-core nonworkers, don't you?

Mr. **Riessman**. Nonworkers, excuse me—and who were brought into the system, not only given jobs but given the possibility of going somewhere.

I think this whole concept of going somewhere, giving somebody some real benefits, is crucial to connect the supportive services. Otherwise, the supportive services concept can be a kind of con game where you are nice to people and you talk to them nice, you have buddies and so forth, but you don't give them anything.

I frankly think, and I will talk about the Javits bill in a minute if you will, I prepared some testimony on that, I think some of the discussion this morning relates to this very much.

This is going to be a more complicated and initially more expensive plan than may be envisioned in the Javits bill. It seems to me too little money is appropriated for doing the job that is necessary in the private sector.

The crucial need to have the private sector develop a competitive, effective, productive employee is all decisive.

The point I want to make on that is that I do not think that a bill should be developed which goes on supporting forever a worker who is nonproductive.

The goal of this program, as I understand your bill and the other bill, is to produce productive, competitive employees and not to forever sponsor them.

In order for that to happen I think there is going to be a great deal of strengthening required in the necessary training, supportive services, career plan, upgrading in the whole program, otherwise, I believe we will not hold in the private sector the workers that we want to hold there.

Senator CLARK. This has always bothered me and maybe you have an answer to it. We talk about career service, upgrading, and giving these people an opportunity to get ahead.

This is fine, but what bothers me is you are going to end up with all chiefs and no Indians. Some of them are going to have to stay down there and do the ditchdigging, subject to automation, of course, do the janitorial services in the apartment houses.

You can't give them much hope, can you, for advancement into the white collar world. You are not going to get many Ph. D.'s out of this program.

Mr. RIESSMAN. I think there are a couple of problems. First of all, at the moment the immediate vacancies—you referred in some of your data to some 2 million and there are various estimates of this, as a number of witnesses this morning mentioned these vacancies are largely at the skilled and higher levels.

To speak concretely to the problem, the reverse problem of the one you state is the immediate situation. That is, at the moment we need people at the semiprofessional and subprofessional professional and skill levels.

We don't have too many people at those levels. Furthermore, there seems to be a powerful likelihood of not only an expansion at the professional skill levels but the development of much more specific directions.

In other words, you are going to have to have more skilled teachers, master teachers, specialist teachers. You will have teachers playing more of the role of trainers, supervisors, program planners, and consultants, so the professional field itself is likely to expand tremendously.

Senator CLARK. I agree with that.

On the other hand, there is another side of the coin. Somebody is always going to have to collect garbage. What kind of career do you see for a garbage collector?

Mr. RIESSMAN. I think the main thing you have to guarantee is the opportunity for people to become nongarbage collectors if they have the ability or the inclination.

Seantor CLARK. That is a pretty big "if," is it not, human nature being what it is? Somebody is always going to have to collect garbage. Do you see this as being that you collect garbage but when you go to a technical or vocational school and graduate you stop collecting garbage? Who collects the garbage after you stop doing it?

I am raising a philosophical question. I don't know the answer. Can you throw any light on it?

Mr. RIESSMAN. If you want to talk about a future world I can say something about it. In the intervening time between now and the future world, I don't think this is in issue as I have tried to indicate.

In a future world I can see a good many of these occupations being automated out or reduced in the amount of input required and I can see an apprenticeship program taking place where young people, for example, in the course of their total development, take a variety of jobs for an apprenticeship period of time.

You might not like that notion but to be honest with you, I think we are speculating about a far-off future situation where much of this may be automated out and where much of the task may require a short period of the day.

For example, if a garbage collection task could be automated sufficiently so that it would only take half the tim to do it you might have a much shorter workweek for the people involved which would provide a very meaningful motivation and their salaries and extra benefits should reflect the situation.

In other works, what I see in a future world, and I must confess that to be honest with you I don't take this element of my testimony that seriously, but since you asked I will try to talk about it—in a future world I can see special benefits being given to people for a short period of time doing rather meaningless and unpleasant tasks, with considerable opportunity for them to get education and training connected with the job, off-job as well as on-job time, giving them an opportunity if they want to leave, to leave these areas.

Senator Clark. I agree with you. I think we ought to have the old-fashioned French phrase, a career open to talent. There will always be an awful lot of people who don't have much talent and don't have the potential for technical education.

Mr. Riessman. I hope you don't mind if I don't agree with you.

Senator Clark. You don't?

Mr. Riessman. I don't.

Senator Clark. Do you think man is perfect?

Mr. Riessman. I think one of the most exciting things in modern times is what we can do with mentally retarded people. These are the people who really are the organically limited groups and they have been put to meaningful work in limited areas. We have begun to use programed learning materials with them.

Senator Clark. I agree with that. I still say that the world in the foreseeable future is going to require somebody to collect the garbage, be the janitor, and to do the ditchdigging. There are a wide variety of very menial, quite uninspiring and really horrid jobs which are essential, it seems to me, to the continuation of a reasonable level of civilization.

I do not see and I wish you would tell me what we can do in this act or any other way to create conditions under which we can recruit and keep people to do that kind of menial job.

Mr. Riessman. I think essentially what we are proposing and what is in many ways implicit and sometimes explicit in the act is the possibility for these underemployed, and subemployed, and malemployed groups having the opportunity, if they can, to learn something and to move up within perhaps a narrow scale.

I think you have to add to that what is increasingly happening is these are declining jobs, incidentally, and let us be sure we are saying that.

Senator CLARK. Yes, they are declining but there are still many of them.

Mr. RIESSMAN. Yes. Let us be sure for those that remain there are good wages, conditions, and benefits which, by the way, is the reason that there is an increasing number of strikes in this area, both in New York and in Memphis, reflecting concern that if I have to do this very limited work I should be at least decently reimbursed for it.

I would add to that reimbursed and have the opportunity for moving out of it which many, many people would want to do.

Senator CLARK. I think we have done as much on that as is fruitful this morning.

Would you now just cover whatever high spots in your testimony you would like to get into my mind. As I say, I have read it and it is very good, it is very useful.

Mr. RIESSMAN. There are a number of crucial points that I want to try to stress very briefly. One, employment in the public sector has enormous implications for being quickly productive and meaningful in the sense that much of the work will be human service work, will be work with people, reaching people who have not been reached before, relating to people, helping people, and so on.

Senator CLARK. Is this in your concept primarily psychological or social service, social welfare?

Mr. RIESSMAN. No. It is reaching people with services, helping them with teacher aides in school, for example. We have a program in New York City at the moment where teacher aides can move to become teachers through an on-the-job training and education program.

Senator CLARK. You speak of reaching people. Am I correct in assuming that perhaps the synonym would be motivating people?

Mr. RIESSMAN. Partly. But teacher aides would be more than motivating youngsters. They can also teach them.

Senator CLARK. You see, you are using the word "reaching" in a kind of technical sense, aren't you? I just want to be sure you define it for the record. You know "reaching" means stretch out and touch.

Mr. RIESSMAN. I mean connected with, motivating, involving, conveying information to people that health services are available, getting them to the health services, making sure they utilize them, understand them, communicating, bridging functions which are very, very crucial and which people without previous training can quickly learn to perform.

Frequently, and I think this is a very crucial public sector concept which has not been understood, frequently people have, because of their life history, skill at doing some of these things without any training at all.

Senator CLARK. I agree with you, I think. But this is a relatively modern concept, is it not, which flies in the face of conventional American philosophy and ideology based perhaps on the frontier. The thought was the Lord helps them who help themselves, and the competitive system in which we claw our way to the top.

It is the type of socialistic welfare society in essence, is it, perhaps it is applied Christianity.

As a practicing politician, I still find a degree of resistance to it among my constituents. I wonder if you would comment on whether you think the concept you are suggesting is pragmatically feasible?

Mr. **Riessman**. I will try to do that. Let me make a couple of points about it. One, this human service work can quickly be productive and useful, not only in taking people off welfare, making taxpayers out of tax-eaters, which is a very crucial dimension, of course.

Senator **Clark**. That is a cliche which gets them.

Mr. **Riessman**. But in addition the work itself, beyond the fact that you are taking a person off welfare, the work itself can be productive, let us say, in having children learn in school. So that we are not paying people to be busy, and I personally object very much to the concept of the Government as the employer of last resort.

Senator **Clark**. Oh, let us develop that, because that has been pretty well sold to this subcommittee. I want you to educate us on that one.

Mr. **Riessman**. The concept is very much that this going to be a limited form of employment for people who can't be productive elsewhere, whose productive services are in question and we are going to keep them busy to keep them off welfare.

Senator **Clark**. That is right.

Mr. **Riessman**. I object to that.

Senator **Clark**. Why?

Mr. **Riessman**. I am stating that in many cases the initial input of people in human services occupations is very quickly productive.

I am not suggesting they should not get further training by any means, but initially it can be a very productive, useful thing in a classroom. And one should not deprecate this and have the indication of poor service for poor people.

The implications of the Government as the employer of last resort concept is the case of unproductive people whom we can put to work providing service to poor people who don't get service anyway in a society, and this is a very negative concept.

The poor people resent it. The recipients of the service resent it. There will be more hostility from that. It is an incorrect notion of what the contribution can be.

Senator **Clark**. Don't you agree that the kind of human services work of which you are speaking, and your objection to the Government as the employer of last resort, nonetheless has to face up to the fact that this kind of work is never going to be done very extensively by anybody except the Government, State, local, and National?

Mr. **Riessman**. Yes, but the kind of work I do is not going to be done by any kind but the Government.

Senator **Clark**. The Government is the employer of last resort if you can't get a job anywhere else.

Mr. **Riessman**. To follow the point through at our level teachers can get jobs in private industry and be productive in private industry.

Senator **Clark**. Largely if they are in the natural and physical sciences.

Mr. **Riessman**. There is plenty of demand for people in social sciences.

Senator **Clark**. Yes. But you don't find many poets in private industry.

Mr. **Riessman**. They are trying to use music and poetry to keep the work from being too monotonous. To pursue the other part of it the worker in the public sector can certainly then move to the private sector.

The issue is different, though. Most private sector jobs, and a lot of fuss has been made about this, require some specific skills and pre-skills to do these jobs. A lot of fuss has been made about on-the-job training. I am suggesting, leaving that argument aside, that in the human services many times you get a quicker input of entry skills, that people, prior to any training, have some very valuable, useful skill.

My own experience with the training of aides at Lincoln Hospital and other places is that right off the street they were frequently very useful and able to do things.

Senator CLARK. I think it is a very helpful and dramatic point of view. What is your attitude toward the guaranteed annual income?

Mr. RIESSMAN. I think it is a residual dimension. I think most people should be given the options to work and the incentives to work and most people considered unemployable would like to work at meaningful jobs at which they are learning, growing and so forth.

If this is offered, and I think many of the aged, the so-called infirm and many women on welfare who have children, if their children are taken care of meaningfully, would be interested in working. Not that they should be made to work, but I think they should be given good possibilities and incentives. I think this bill moves toward that very significantly.

Senator CLARK. I am not so sure that you think that the guaranteed annual income is a helpful approach.

Mr. RIESSMAN. I think it is a helpful but residual approach. I think the main approach should be to provide people with meaningful jobs which they would benefit from performing and the society would benefit from the work performed.

We need this work badly. This is not made work. The school system in the United States is functioning very inadequately. We need large numbers of new personnel, teacher aides and others, to enable the school system to function, to lower the ratio of teaching personnel to youngsters.

Senator CLARK. Do you think it is feasible to recruit enough people into the teaching profession to fill the rather shocking void which presently exists?

Mr. RIESSMAN. Yes. I think one of the ways of doing it is giving them jobs first, giving it to aides as in the New York school system.

Yesterday's Times describes this career plan for starting people with less than high school education and moving them through stages to become full-fledged teachers while obtaining useful teaching service from them, auxiliary service while moving toward becoming teachers.

Senator CLARK. You cannot get in New York City or certainly in Philadelphia, an adequate supply of qualified teachers who are willing to teach in schools for disadvantaged children.

Mr. RIESSMAN. I think the way of getting them is to recruit them in this way rather than demand already licensed teachers for doing this.

Senator CLARK. Then you are going to have to change a lot of standards if you are going to have teachers other than temporary ones who are not certified.

Mr. RIESSMAN. No. You have teachers there but you have the additional personnel, auxiliary personnel, providing the various functions, including parainstructional functions. We are not suggesting that unlicensed people teach but that they perform assistant's work in the instructional areas, too.

Senator CLARK. I agree with you that is a wide area where the thrust of this bill might take hold. Can you throw any light on this problem which is not unlike the garbage collector although to some extent it is quite different?

We have had a study going now which was authorized by this subcommittee, the problem of recruitment and training in the correctional professions. I learned, somewhat to my amazement a few years ago, there are 60 different disciplines running all the way from the cop on the beat to the prison warden to the psychiatrist giving service to mentally abnormal inmates of the institution.

The testimony was that the pay was generally very low. The applications were not adequate to fill the vacancies. The turnover in some areas of prison wardens was abnormally high.

According to the philosophy which you have outlined, how would you solve that problem. Do you think this bill could create inducement for people to go into the skills which are socially desirable as opposed to the skills which have status and a higher scale of compensation?

Mr. RIESSMAN. You have asked me a lot of different things. Let me speak to the last thing first. Frequently people, and we have experience and data on this, will choose an occupation where there is a chance to learn and grow and move up in preference to one where there is a higher entry wage.

I think this is an important factor there. In all of the correctional field you talk about, as well as in a whole variety of other fields such as the hospital field, the turnover and morale is unbelievable. Tremendous turnover and very low morale.

We think the factors involved in this have to do with the fact that the people are not learning anything there, they cannot go anywhere. If they want to get a higher position they have to leave the job or go to college 8 or 10 years at night, which is a very difficult thing to do.

So they want to leave, they move on. They are angry, they are angry at the professional and part of the generally alienated anger about which we are disturbed is related to this work alienation.

I think your bill is very significant as a possible way out of that, particularly with the career advancement section.

Senator Javits, it is interesting, emphasizes the public safety dimension and discusses the need for increasing numbers of people in the field of protection, public safety, and so on.

But his bill does not provide for the auxiliaries, the aides moving up in those areas. There was not a career advancement section. They do not get to become policemen through this.

This, I think, is a weakness in the bill, certainly a correctable one.

You also know the manpower shortage in the protection field is enormous. They don't have people to go into these areas.

The city of Washington is embarking on a police aid program.

Senator CLARK. That goes back to the same problem we were discussing earlier. I agree the supply of policemen is much smaller than the demand. The same thing is true at a time of more or less full employment with garbage collectors.

I am at a loss to know, because it is easier to talk about policeman as an honorable profession, a very important one. The policeman has some status in the community, and it is easier to talk about them in this manner than garbage collectors. How do you see us in your concept of these things able to recruit enough individuals to fill the police force?

Mr. **Riessman**. I am suggesting that the providing of entry jobs as police aides, police community aides, as has been done in Richmond, Calif., and other places in the country, is an important step provided that the line development is open for people to acquire training, education on the job, and I emphasize education, enabling them to move up to become policemen.

Senator **Clark**. Yes, but who wants to be a policeman? Not enough. Do you think you would make recruitment easier if you initiated the training concept—I can see very good reasons why I would not want my son to be a policeman even if he were a school dropout.

He is apt to get shot, have eggs thrown at him, subject to all kinds of disciplines and admonitions and everything else. What I am trying to get at, Dr. Riessman, is that it seems to me there is a wide variety of careers which are essentially disagreeable. I think we are going to have great trouble under this bill or any other bill in a full employment economy in finding people who are prepared to accept these jobs regardless of how much preliminary training and on-the-job training they receive. I think it is true particularly as the educational level of the country increases.

We have moved away from slaves and Helots. We have a political and we hope a social democracy. It seems to me there is going to be a wide residue of skills that will continue to be very difficult for us to fill. A wide variety of people will not be able to be trained regardless of how much you try. This causes me a great deal of dismay. I thought perhaps you would help me out.

Mr. **Riessman**. I think essentially—we have talked to it a couple of ways—the questions you are raising are open questions, questions that this bill and what we are trying to do in a number of areas in America will test in the next decade.

It is typical to prejudge the answers to this. I am not assuming that you are other than asking the question——

Senator **Clark**. I am afraid I am.

Mr. **Riessman**. But the answers are widely prejudged just as my point is that it was at one time it was believed that poor people could not be interested in family planning services and in health services, and at one time it was believed that mentally retarded people could not do anything effectively.

The world is filled with what we used to believe true, including that Catholics could not be President and a lot of other ideas that went by the boards, and that an incumbent President could not possibly fail to be renominated. The world is filled with change in process.

Senator **Clark**. There is still a place in the world for Boy Scouts is what you are saying?

Mr. **Riessman**. I don't know really, but I am on the side of change.

To put it another way, I think that if you had the need in the country to really involve large numbers of people in productive services; for example, if you had an enemy like Smersh in James Bond who said that unless you had 65 percent of your population in professional and technical capacities by 1975 we would destroy you, not by atomic destruction but by social engineering because we will have 75 percent of our people in Smersh's country in such a situation, I think we could find it very possible to induce people into all these professions.

At the moment, I think we do a marvelous job of inducing them out. You see, I am not at all sure that we could not redesign police work to make it a lot more attractive to people at all levels, particularly if we define it as genuine protection of people, particularly if we define it in terms of relations to the community rather than in the various negative ways that it has been defined.

I am suggesting that this redefinition could take place in all these areas and we would develop recruiting and motivational devices to hold people.

Let me switch for a minute to the industry example. I think industry is going to fail in this area. I would like to speak to this for a few minutes because I think we are being too sanguine about it. They have failed up to now abysmally.

It is incorrect to believe that industry knows how to solve this problem. They have employed a great many poor people who have revolved out of a revolving door. They have not been held for more than 30 days.

Now the standard joke in Detroit is that everybody in Detroit has been hired at least once and they will hire them a few more times in that pattern.

I want the private sector to be able to do this job. I agree with both you and Senator Javits very much that this has to be done; the public sector cannot provide all these jobs. There are real needs in the private sector at middle-line levels.

In order to do it we are going to have to think of a lot of things other than the obvious supportive services.

I think that that foreman and trainer and supervisor in the private sector will have to be given incentives and rewards for holding people for 30 to 90 days.

Senator CLARK. Financial incentives?

Mr. RIESSMAN. Yes; financial incentives, because training without real benefits is one of the jokes in our society. What are we going to train our foremen in doing if it is not going to be beneficial for them to have these workers make it?

Senator CLARK. That is a very interesting idea. Of course, the whole concept of bringing private employment into this program is based on the fact that in a sense you have to bribe them because their real consideration is the profit motive.

If you ask them to do anything out of which they won't make a profit they won't do it and they will tell you they should not do it, it is a moral matter because they have an obligation to their stockholders to earn money.

This is one of the things that baffles me. I am not a Socialist in any way, shape, manner, or form. I think it is going to be rough to make this thing work.

In other words, I agree with you.

Mr. RIESSMAN. Let me add a few points to it. I don't think private industry is doing it for just profit. I think it is a very inconvenient set of requirements that will be necessary in order to achieve this goal.

For example, private industry is going to be heavily inconvenienced. Its ongoing mode of operation will be enormously inconvenienced.

They will have to deal with the questions of cleavages that will be produced between the present work force, that is the advantaged workers and the new workers. The employee will say, "You are doing it for that guy and you are taking it away from me." He will be angry.

Senator CLARK. It is a form of white backlash expressed in nonracial terms.

Mr. RIESSMAN. That is right. I would call it being concerned for my benefits. I think private industry definitely will only do this if it will not be a financial loss, if this is taken care of appropriately and they also see the commitment dimension in terms of the commitment to society which the Urban Coalition has demonstrated.

Senator CLARK. There is also self-preservation and enlightened self-interest.

Mr. RIESSMAN. It had better be enlightened self-interest where people don't lose money. There has to be strong support for this and the mechanisms for the support. The point I am trying to make that I think I am not making clear is that private industry frequently sells itself as knowing how to do this job, and nothing could be further from the truth.

Senator CLARK. I completely agree Dr. Riessman, unfortunately, I am going to have to leave in 5 minutes. I will shut up now and let you put in the record whatever you think should be covered.

Mr. RIESSMAN. I think I have said all I wish to say. I referred to this memorandum which I wrote in response to Senator Javits' letter in which he asked us to comment on his bill.

There are some very interesting dimensions to the bill. I guess we would hope very much that it might be connected to your bill and an amalgam developed of these things, the involvement of the local group, the providing of entrepreneurial rewards for a local agency, the possibility of an option between a tax credit and an on-the-job training dimension.

Senator CLARK. Will you say a word about your view on the tax credit, the inducement?

Mr. RIESSMAN. What we like about it is that there is an option; the boys can take it either way. We frankly think it is more likely they will take on-the-job funding. We don't think the tax credit promotion will be sufficient.

Again, it is an open question. Let us see. We are concerned about in both cases an issue which runs in your bill also, that employers should not "cream" in order to get the benefits.

In other words, do not hire non-hard-core poor in order that they can get the benefits and hold the workers longer.

Senator CLARK. Would you like to have that paper in the record?

Mr. RIESSMAN. Yes, sir.

Senator CLARK. Without objection, that will be done at the end of Dr. Riessman's testimony.

Mr. RIESSMAN. That is all I have to say.

Senator CLARK. I have one more question.

The Javits proposal, S. 3249, for a tax credit to private employers does not mention training or supportive services. It is a tax credit for

75 percent of the employee's wage going down to zero at the end of 2 years.

If we are going to create this inducement should we not write into that bill some sore of subsidy for training supporting services?

Mr. RIESSMAN. Yes, definitely, yes. We state this throughout. There is definitely not enough emphasis.

Senator CLARK. Thank you very much. I have enjoyed talking to you.

Mr. RIESSMAN. Thank you, Mr. Chairman.

(The prepared statement and the supplemental statement follow:)

PREPARED STATEMENT OF FRANK RIESSMAN, PH. D., DIRECTOR, NEW CAREERS DEVELOPMENT CENTER, NEW YORK UNIVERSITY, NEW YORK CITY

Americans have too often sought simple solutions to problems. The "one" answer, the panacea has been our goal. However, our problems are too complex, our needs too great, our people too diverse for single solutions to be applicable.

We have sought single answers to the problems which face this Senate Committee. One after another new programs have been hailed as "the final answer," the one right way. And now there is a wave of "expert opinion" which calls for jobs and more jobs to cure the ills of the city, to end riots. We have only to look at the data presented by the "Commission on Civil Disorders" to see that nearly 30% of the "rioters" were employed, or the more recent data issued by the Labor Department which shows that for 496 Negro prisoners (of the Detroit riot) their average income exceeded $120. per week. (The Detroit Riot . . . A Profile of 500 Prisoners," Department of Labor, March, 1968.)

To say that jobs are not enough is not to say, however, that jobs are not important or that there are enough men holding jobs. The same Labor Department study of the 496 Detroit prisoners showed that 22% were unemployed, and that 51% had been out of work for five or more weeks in the past year. It is important to a full understanding of the nature of the problem not to focus solely upon the number or rate of unemployed at a single moment but to examine a longer time period. An estimated 2.5 million different persons experienced unemployment of 15 weeks or more during the course of the year, although at any one time the unemployed averaged about 535,000 last year.

We must examine the newly developed sub-employment index to get a fuller picture including as it does those who are unattached to the labor force, unavailable for work, or who work at sub-standard wages. (*1967 Manpower Report of the President*). Thus, Labor Department data shows that in many of of our cities ghetto combined unemployment and subemployment run to more than one-third and in some nearly to one-half of the people of a community out of work, or so despairing as not to be seeking work, or working seriously below their capacities. If we add those who are malemployed—working in harmful or socially despised jobs—then we are talking of the vast majority of our inner city residents, the people of the growing black ghettoes, living in a whirlpool of frustration. (See Herbert J. Gans, "Malemployment: The Problem of Underpaid and Dirty Work," New Generation, Vol. 50, No. 1, Winter, 1968).

The Kerner Commission summarizes this well.

"Even more important perhaps than unemployment is the related problem of the undesirable nature of many jobs open to Negroes. Negro workers are concentrated in the lowest-skilled and lowest-paying occupations. These jobs often involve sub-standard wages, great instability and uncertainty of tenure, extremely low status in the eyes of both employer and employee, little or no chance for meaningful advancement, and unpleasant or exhausting duties.

"* * * the concentration of male Negro employment at the lowest end of the occupational scale is greatly depressing the incomes of United States Negroes in general. In fact, this is the single most important source of poverty among Negroes. It is even more important than unemployment * * *."

The importance of jobs with dignity, opportunity and which are respected is emphasized by Kenneth Clark's finding that there is a higher correlation between a social pathology and holding and employment at unskilled jobs than with unemployment. Clark says, "Apparently, the roots of pathology in Central Harlem lie not primarily in unemployment (but) in the low status of jobs held by residents of the community." (Cited in Gans, *op cit.*)

We have over the past several years seen a variety of conceptualizations relating to the role of manpower policies. There have been those who have argued for "work as social therapy" and emphasized the need for "earned" income, that a job, any job, was better than welfare. Others have urged work as an exemplar to the community and thus concentrated on jobs for Negro males. However, these arguments need to be examined in light of the data of the Kerner Commission and others and emphasis must be placed, we believe, on the quality of the job. Here jobs in human services are especially relevant in that they can be meaningful and productive quite quickly. (See the Howard Community Aide Project and others summarized in F. Riessman and A. Pearl, *New Careers for the Poor*.)

The inadequate level of present funding of manpower programs is detailed by the Kerner Commission finding that in the three major "riot" cities of 1967—Detroit, Newark and New Haven, manpower programs served less than one-half, one fifth, and one-third of the unemployed, respectively, to say nothing of the three to five times the number who were sub-employed. (Chapter 2, Footnotes 189–191.)

We believe that most Americans given the opportunity for a meaningful job with adequate provision for their family responsibilities would seek employment. Because of the nature of new work possibilities, large numbers of people who previously had been on welfare, may be able to obtain meaningful jobs. Unemployability is not related to the characteristics of people, but rather to the nature of work and how it is organized.

An important group receiving welfare assistance is the unemployed between the ages of 18 and 21. These youngsters could also be provided with meaningful work as research aides, pre-school aides, recreation aides. This has been done with considerable success by the Howard University Community Apprentice Program, which took "hard core" youngsters (they had delinquent records, were functionally illiterate, had low IQs, were drop-outs from school, came from broken families), and provided them with worth-while jobs that had built in training and upgrading. These youngsters learned, returned to school, obtained more advanced jobs, went on to college, and have had large jumps in their measured IQ.

There are some, however—and our ignorance about just how many is but one of the many areas where lack of sound information hinders meaningful planning—whose disadvantage is so great or whose other obligations are so compelling that employed work is not appropriate and for those society should and must make the commitment to a guaranteed income above the poverty line.

Over the past three years six distinguished national bodies have called for a combination of public and private sector activities in the employment field. While intervention in fiscal affairs is now an accepted part of our national policy, this is much less the case in manpower matters. Government support to aid private industry make productive workers in a profit making situation and to make productive workers in the public sector for the providing of human services is a distinguishing quality of S. 3063. Of course, the provision of jobs in both the public and private sectors will mean the holders will become consumers at a higher level and thus generators of demand which in turn will induce the creation of additional private sector jobs.

In regard to the provision of jobs, we find persuasive the evidence presented in this Committee's staff study by Howard W. Hallman of the high cost of job generation for the unskilled and semi-skilled in a public works program. "Instead of public works," Hallman said, "public service employment is the most effective means of rapidly increasing stopgap employment for the lowly skilled." Finding that the average investment for each on-site unskilled or semi-skilled job ranged from $37,000 to $67,000 in various public works programs, Hallman stated that "no longer can public works be used to create large numbers of jobs for unskilled and semi-skilled unemployed persons." Leaving aside for the moment the level of skill necessary for those in public service employment, we point to the enormous potential—indeed demand—for employees in the public service sector. Greenleigh Associates, Inc., estimated a potential of 4.3 million jobs ("A Public Program for the Unemployed Poor," Table 17), while the National Commission on Technology, Automation, and economic Progress, estimated "the amount of useful employment which could be made available to people with relatively low skills" at some 5.3 million jobs in the public sector (Part II, Chapter 3, and Table 6). The Labor Department's forthcoming 1968–69 "Occupational Outlook Handbook" predicts that jobs in the service fields will soar in the next decade, four times as rapidly as jobs in transportation, public utilities, and manufacturing. It is in these fields to which a well planned manpower policy must point.

We think it essential to distinguish between jobs in the human services with the major employer being government at various levels, and the concept of government as the "employer of last resort." We must not think that human service employment is for those who cannot be employed otherwise or we become guilty of establishing—indeed perpetuating—"poor service for poor people." If we care about the quality of services available to our people we must shape our public policy, manpower program included, so as to provide the productive manpower. We recognize that the very nature of the human service activities, characterized by their "helping" activities and working with people, are such that hitherto nonproductive workers could very quickly learn to be productive. We believe that any satisfactory program must provide not for employment alone but for training and education so as to provide productive workers.

A decade and a half of disproportionate Negro unemployment must not allow us to accept that non-white unemployment must be from two to three times that of whites. Bienstock points out in a recent article that between 1948 and 1953 teenage unemployment rates for white and non-white boys and girls "ran about in line with each other," and therefore we need not accept "as an immutable way of life" the present unemployment patterns. (Herbert Bienstock, "The Employment Outlook: What the Statistics Show," *New Generation, op cit.*) Many black spokesmen have charged—with no little truth—that where white unemployment (and underemployment) at a rate anywhere approaching that of Negroes, this nation would have long since put itself to action. S. 3063 is a bold step toward rejecting this "immutability," not only for non-whites but also for that other group who suffer disproportionate unemployment, the youth who together with non-whites represent 37% of the unemployed although they comprise only 18% of the labor force.

S. 3063 makes several important contributions:

1) It is a sizeable program with the potential significantly to affect the problem.
2) It combines private sector and public sector efforts.
3) It offers staged implementation over a four year period.
4) It is neither "make work" nor "dead end."
5) It focuses on the need for urgrading and advancement.
6) It provides for a rich array of "supportive services." Thus increasing the holding power of the program.
7) It involves the participants in a meaningful way.

We are pleased that both in the "Findings and Declaration of Purpose" (Section 2) of the bill there is a recognition of the need for additional human welfare services. We would recommend, however, that the point could be made stronger and more powerful by an indication that not only must additional services be rendered but that the new personnel brought into agency by the Act can play an important part in offering these new services.

Section 102 provides an important listing of the necessary components of a "community employment and training program." We would urge that the section be strengthened in four ways.

First, the sponsor's plan should include plans for receiving the new personnel. Experience with the "New Careers" program under the Economic Opportunity Act indicates that specific consideration must be given to the receptivity of the "host" agency, and that grant funds are needed to allow for the planning and implementing of necessary changes.

Second, because the role of the training and supervisory personnel of the "host" agency is critical to the success of the program, specific requirement should be made in Section 102 for the planning for and training of supervisory personnel in working with the new personnel. A study of fifteen demonstration projects using new manpower in the classroom illustrates the importance of training not only the non-professional worker but also the supervisor, in this case the classroom teacher. (Grada W. Bowman and Gordan J. Klopf, *New Careers and Roles in the American School*, Bank Street College of Education, New York City, September, 1967, p. 137 and *passim.*)

Third, a special attention should be paid in sub-section 3 to the shaping and even titling of the jobs so as to encourage increased male participation. (The Lincoln Hospital Mental Health Aide Program was able to recruit more males by making clear the desire for male trainees. Also, the effect of a job title change in male-female subject field enrollment ratio, is noted in an unpublished paper of Donald Feldstein, "Preliminary Report: Special Project on Technical Education in Community Colleges," Council on Social Work Education.)

Fourth, Part 5 of Section 102 could be strengthened to make clear the program's commitment to job advancement, career development, for those placed in this program. The earlier discussion of the Kerner Commissioner report is relevant here in that it shows the jobs alone are not enough and that opportunity for advancement is essential. Sub-section 3 which discusses the length of time an individual is to hold a job could well be expanded (or a new section added) which provides that as part of a sponsor's plan there be included a hierarchy of jobs with an indication of the necessay training and education required to move from one rung to another in a career ladder.

The proper aim of the program in the private sector is to bring people into productive employment. The Labor Department's MA–1 and MA–2 programs, and the new JOBS program are steps in this direction. A study of the program in Detroit, considered the most successful area for this effort, showed that:

> "Job creation" by private industry amounts to filling vacancies caused by business growth and employee turnover.
>
> Efforts at hiring the unemployed from the inner city have been successful but small, with little effect upon the chronically unemployed.

What is needed are sufficient funds to cover employer costs to bring the worker to productive employment, program components such as job design, training of supervisors, supportive services, and apparent and visible advancement opportunities.

We urge that Part 4 of Section 202 be amended or a new part be added to make clear that employer expenses for additional training of supervisory personnel is an authorized expense and Section 203 should be amended to indicate that such training is a necessary part of the "Training Plan." Also, Section 203 should be amended (and perhaps also Section 2(b)(2) to make the same point) to indicate that in the private sector program, as well as in the public sector, career advancement is an essential factor of the program.

We notice the absence in Section 203 of a provision similar to part 5 of Section 102 which indicates that "supportive services" should be part of the training plan. In the Chicago "Jobs Now" program, neighborhood nonprofessionals were used as "coaches." They act as personal counsellor to the new worker, helping him during the initial transition period, and also help the employer or supervisor understand and communicate with the worker. They also maintain contact with the worker after job hours. A six month study of the effectiveness of coaches showed that the use of neighborhood nonprofessionals was a vital factor in reducing employee turnover. Turnover for employees with coaches was 18%, as compared to 72% for employees without coaches. Supportive services without real benefits in terms of training, education, upgrading, and job redesign directed toward making the job more satisfying and meaningful will not be appealing or attractive; that is supportive services without real benefits can be another "con game." However, combined with real benefits supportive services are essential.

We recommend that language similar to that of Part 5, Section 102 be included in Section 203. The language should be modified to indicate that these "supportive services" may be provided either by the employer directly or by contract with a non-profit agency such as a community action agency. We commend the provision in Section 203(3) of payment for transportation costs, and recommend that a similar provision be written into Section 101.

We support the provision in Section 304 for ascertaining "the opinions of the participants about the strengths and weaknesses of the programs," and would hope that Congress make clear its intent that such information be carefully and frequently ascertained and that it be made available to the project sponsors and to Congress. For such participation can contribute to the dealienation of the trainees and as the human services improve as a result of the proper utilization of the new manpower one can expect added benefits in terms of decrease of community hostility. Another force for the "monitoring" of program guality is the growing New Careers "movement" where participants are uniting together to assure authentic programs with assured jobs, education, training and advancement. (See the New Careers Development Center "Newsletter," Vol. 1, No. 4, Spring, 1968.)

Much concern has been expressed about the administration of the vast array of new programs. We believe that the preference given in this Act to the "prime sponsor" under Part B of Title I of the Economic Opportunity Act is wise. As to the capacity of administering agencies to carry out the large, comprehensive and complex program envisioned in this act, we would point out that during the first half of 1967 one-third of the nation's total unemployment was located in 15 metropolitan areas, and that over one-quarter of the nation's non-white unemployment was in 9 central cities. These figures suggest that the program (at least initially) might well place special (if not exclusive) attention on selected "high return" areas. Such attention would allow for the rapid concentrated development of cadre who can then carry on programs in other areas, as well as offering an opportunity for immediate maximum impact. Consideration should be given in this regard to direct negotiations between the federal agencies and the major cities.

In considering administrative structure and problems note should be taken of the developments in the first year of funding of the "New Careers" program established under the Economic Opportunity Act Amendments of 1966 (Title IB, Section 123(a)(4)) administered by the Bureau of Work Training Programs, Department of Labor. The need for planning, for preparation of the "host" agency, for training of supervisors and middle-line personnel are made clear in the excellent new guidelines issued by Mark Battle, Administrator, BWTP, January, 1968. Also, the present New Careers programs have developed cadre who could be used in the expanded programs contemplated by the Act, as well as a potential training base for new programs, and models of programs and program components.

One cannot fully estimate the costs of a meaningful and effective program. We believe that the costs will decrease as the program is debugged and systematized, but we call attention to Herbert Bienstock's point that "We can expect that the human and social problems that need to be dealt with will be more costly as we move to lower levels of unemployment." (Bienstock, *op cit.*) But the benefits of turning tax-eaters into tax-payers is enormous.

While the evidence is not conclusive it does offer powerful impetus for carrying out training programs. An HEW study of 12,700 MDTA trainees indicated a return in gross earnings of $2.24 per year for each dollar invested in training, and that trainees repaid the cost of training in total Federal income tax alone in five years. ("Education and Training—Third Annual Report on Training Activities," 1965, U.S. Department of Health, Education and Welfare). Borus in a study of 373 Connecticut workers trained under MDTA found a cost-benefit ratio for the average trainee of between three and six and at least eleven for the government. Thus for every dollar spent by the government in training, three to six dollars of increased employee wages were produced and the government gained for every training dollar spent eleven dollars in reduced public costs (unemployment insurance, welfare, etc.) and taxes paid. (Michael E. Borus, "The Economic Effectiveness of Retraining the Unemployed," *Yale Economic Essays*, 1964.) And a study of 650 OJT trainees found an average net federal benefit-cost ratio of 3.28 to 1. ("Cost Effectiveness Analysis of On-The-Job and Institutional Training Courses," A Report to the Office of Manpower Policy, Evaluation and Research of the U.S. Department of Labor by Planning Research Corporation, Washington, D.C. June, 1967.)

No one needs to be reminded of the counter costs in physical and human devastation which are the alternative to effective and massive programs. Garth Mangum makes an important point when he writes, "Administration officials and members of Congress have been too impatient to await the results of new and existing programs and to allow for restructuring, the removal of negative elements, and finally, their expansion into effective programs. As a result, there has been excessive resort to gimmicks and attempts to devise instant policies for instant success." (Garth L. Mangum "Manpower Programs U.S.A.: An Inventory," New Generation, *op cit.*)

While we recognize the critical need to place special emphasis on those who are unemployed or persons who are of low-income (as does S. 3063, using "poor" as defined by OEO), we believe that the data presented by the Kerner Commission, the Detroit Study, and others indicates that we must also be concerned with those who are employed and even those whose dollar income puts them out of the "poverty" ranks. Without recommending specific language, and wanting to assure that the program does not follow the errors of MDTA in "creaming" its participants, we would urge that provision be made for the application of the benefits of this act—and especially the upgrading and advancement sections—to others than now provided for in Section 302. Such provision would be useful in itself and also by upgrading present but low paid workers would open entry level positions for others.

S. 3063 wisely provides for a staging of employment. We believe that the higher starting rate of public sector participants is also wise and in keeping with the greater capacity of that sector quickly to absorb participants. Compared to the 300.000 participants provided for in S. 3063 in the first year, the Greenleigh Associates report estimates the potential for 469,000 jobs in the first year in the public service sector. (*Loc sit.*) In terms of jobs in the private sector there is the increased concern with the problems of poverty of many in the business community, the role which training and experience in public sector employment can have in preparing workers for private sector employment, and the multiplier effect on demand in the private sector which would be produced by the hiring of sizeable numbers of persons in the public and private sector.

S. 3063 is a good bill making an important contribution to our nation's manpower program and domestic welfare. We have offered suggestions which we believe improve the bill to:

1) tie the employment features of the bill more closely to the delivery of human welfare services (Sec. 102);

2) clarify the responsibilities of public sector sponsor's and for the use of the new personnel, preparation of supervisory staff, design of jobs to appeal to males, and emphasis on job advancement (Sec. 203);

3) emphasize the need for private sector employers to train supervisory personnel, emphasize job advancement, and provide supportive services (Sec. 203);

4) strengthen the participant evaluation role (Sec. 304);

5) increase its administrative effectiveness and ways to better assess its true costs;

6) serve the subemployed and malemployed; and

7) balance the respective roles of the public and private sectors.

Supplemental Statement of Frank Riessman, Ph. D., Director, New Careers Development Center, New York University, New York, N.Y.

MEMORANDUM ON S. 3249 AND AMENDMENT (JAVITS BILL), "NATIONAL MANPOWER ACT OF 1968"

The bill (and its amendment) covers 6 main points, plus its funding. These are:

1. State of purpose.
2. Job vacancy and labor supply information.
3. Community service employment.
4. Economic opportunity corporation.
5. Role of the comptroller general.
6. Tax credits for employment.
7. Funding.

We will first describe the provisions, then comment on them with references, as appropriate, to the Clark bill (my emphasis throughout), and then offer testi mony suggestions (pages 7–8).

1. The "*Statement of Purpose*" gives new focus to MDTA from its original (1962) concern with the consequences of automation and technological change to concern them with unemployment and under-employment. Of interest is the *description of the underemployed* as having "substandard wages," "uncertainty of tenure," "little change for advancement," "low social status." The statement of purpose also makes a finding of manpower shortages, and "a huge need for additional public facilities * * *" Policy is set stating that "*private enterprise* has the *basic responsibility* and *maximum ability* to provide job training and employment". Government effort should be first designed to encourage private effort; that "the residual responsibilities of Government" are to develop job opportunities in the public sector to fulfill critical needs and relieve employment; that there should be "some form of income maintenance" for the aged, infirm, disabled.

2. The "*Job Vacancy and Labor Supply Information*" section is designed to provide appropriate data on a national/state/local basis to link jobs with available manpower.

3. "*Community Service Employment*" is to 1) "meet severe problems of unemployment and under-employment", 2) "prepare such persons for jobs in the private sector", 3) "increase opportunities for local entrepeneurship", and 4) "meet critical national needs for community services".

Eligible participants are those who are "OEO" poor.

Money ($400 million in the first year and $500 million in the second) is allocated such that 40% is flatly granted to the states, with 60% to be allocated by the Secretary of Labor.

Eligible areas are to be those with "high concentrations or proportions of unemployed or low income persons", and includes all OEO "target areas".

A single prime sponsor, where existing the CAA, is to be designated to receive all federal funds for manpower programs in the designated area. Among the responsibilities of the "prime sponsor" is to "establish priorities among community service needs", and to provide participation of various groups in the planning. The local plans are to be coordinated into a state plan.

Funds under the program are to be used to: 1) "provide jobs immediately", 2) "provide placement services" for those involved in federal manpower and antipoverty programs, 3) to provide "further education, training and necessary supportive services * * * based maintenance, transportation, health, family, day care, counseling, placement * * *", and 4) to promote the establishment of local service companies * * *"

These "local service companies", which would be aided by funded "service development organizations" (to provide technical assistance to the local groups), are designed to provide opportunities for local involvement.

Special emphasis is placed upon employment programs in public safety fields.

Those who participate in this program are to be given priority for entrance in private sector training and employment opportunities.

4. An "*Economic Opportunity Corporation*" is established to 1) "be a central source of information and research", 2) "furnishing technical and financial assistance to private organizations * * * in planning and carrying out" programs, 3) "development and implementation of governmental antipoverty programs" designed to encourage private sector efforts; 4) coordinate private efforts of "training programs and employment opportunities", 5) encourage business ventures; and 6) apply "modern business management techniques to the solution of social problems".

The corporation is to consist of 15 members, 5 appointed by the President and the other 10 elected by the members of the corporation which consists of persons who buy shares in the corporation or contribute to it.

5. The "*Comptroller General*" is to evaluate the program (a precedent set in the 1967 Amendment to the Economic Opportunity Act).

6. The "*Tax Credit Plan*" would give to employers of the "disadvantaged" (as defined by the Secretary) a sliding scale tax credit:

1) 75% of the first 6 months wages;
2) 50% of the second 6 months wages; and
3) 25% of the second year's wages.

An employer could choose either the tax-credit plan *or* the regular MDTA training funds, but not both.

7. "*Funding*" of the community service employment section would be $400 million (for 80,000 jobs), approximately $556 million for the private sector program (this assumes 150,000 jobs via the tax-credit route and 70,000 from on-the-job training, a different "mix" would mean a different federal cost), and $20 million for the Economic Opportunity Corporation.

COMMENT ON THE BILL

The "*Statement of Purpose*" is good including as it does the broad description of the underemployed (Sec. 101A), the linkage of manpower needs and service needs (Sec. 101B). However, we have some question about the heavy emphasis on the "basic responsibility" of private enterprise (Sec. 101C1), although we concur with the charge that government should aid private enterprise (Sec. 101C2), the "residual responsibility" of government (Sec. 101C3), and the income maintenance. The major role of the private sector should be to make productive and competitive employees of the disadvantaged.

The "*Community Service Employment*" program is good in its definition of purpose (Sec. 401), although its definition of "low-income" is too narrow as only "OEO" poor (Sec. 402 2). The administrative arrangements regarding the prime sponsor (Sec. 404, 409) are good, especially the provision for "establishing priorities of community service needs" (Sec. 409B) as preliminary to developing a manpower program. However, we think the state plan pattern (Sec. 410) too complicated and cumbersome, but in any case it should add consideration of the manpower situation in so far as public sector employment to Sec. 410(a)(3)(A)(III) (page 19). The program's purposes (Sec. 405) are not as satisfactory as the Clark Bill, especially the absence of career advancement, although if provision of "maintenance" (Sec. 405B3) means a training stipend, it is a useful addition. The "local services companies" (Sec. 407) concept seems to be interesting, but is not very specific. The public safety part (Sec. 408A) is deficient in the lack of concern for entry of the special personnel into regular police employ. This deficiency is true throughout this title.

The "*Economic Opportunity Corporation*" in its technical assistance role appears to be useful; however, we would want to see more explicit policy guidelines for its operation.

The "*Tax-Credit*" plan appears to be useful, and we like the idea of "competitive" or "option-allowing" alternatives for private sector involvement. A danger, however, of the tax-credit plan—and indeed of any program without provisions to the contrary—is its tendency to "cream" and thus ignore "hard core" people.

"*Funding*": This provides funds for 80,000 public sector trainees as compared to Clark's 300,000 in the first year, and an estimated 220,000 private sector jobs (150,000 tax-credit and 70,000 on-job-training) as compared with Clark's first year 150,000.

SUGGESTIONS

1) Comment the *statement of purpose* as properly redirecting MDTA to today's needs. Also, for the linkage (as does Clark, but not as explicitly) of manpower needs and service needs. We have questions as to the weight given to private sector responsibility, and want to stress the need to make productive and competitive employees of the disadvantaged.

2) Referring the *public sector*, we think Clark's provisions are better, especially its emphasis on advancement and the details of the program (Clark Bill, Sec. 102), its richer funding, with the additions noted in the Clark testimony. Javits does offer a good suggestion on "establishing priorities of community service needs" (see 409B), which could be added to Clark Sec. 102. Also, some comment encouraging the "local service companies" might be added to Clark. What we are suggesting here then, is Clark plus our comments on it plus the above noted additions from Javits—a good public service employment program.

3) The Economic Opportunity Corporation technical assistance role, the data collection on Section 106, and the *evaluation function* of the Comptroller General (with a caveat as to whether that is the best place to do such qualitative evaluation) appear to merit support.

4) As to the *private sector*, we think here that one might add to Clark's section, the tax credit plan of Javits.

In summary, we are urging an amalgam of the two bills with:

1) The Javits Statement of Purpose slightly amended as to private preeminence.

2) Clark on the public sector with the Javits additions.

3) Remaking of Clark on the private sector with Javits' tax credit addition but with a question as to the Economic Opportunity Corporations program (but not technical assistance) functions.

4) Inclusion of Javits data collection and national reporting and evaluation.

Senator CLARK. The subcommittee will stand in recess until Friday at 10 a.m., at which point we will hear from Mayor Walsh of Syracuse, Mayor D'Alesandro of Baltimore, and Dr. Esser, executive director of the North Carolina Fund.

(Whereupon, at 12:55 p.m., the subcommittee recessed, to reconvene at 10 a.m., Friday, April 5, 1968.)

EMPLOYMENT AND TRAINING LEGISLATION—1968

FRIDAY, APRIL 5, 1968

U.S. Senate,
Subcommittee on Employment, Manpower, and Poverty,
of the Committee on Labor and Public Welfare,
Washington, D.C.

The subcommittee met at 10 a.m., pursuant to recess, in room 4200, New Senate Office Building, Senator Joseph S. Clark (chairman of the subcommittee) presiding.

Present: Senators Clark (presiding) and Javits.

Committee staff present: Michael W. Kirst, professional staff member; and Robert E. Patricelli, minority counsel of the subcommittee.

Senator Clark. The subcommittee will resume its session to take testimony on S. 3063, the Emergency Employment and Training Act of 1968.

Our first witness this morning is Mr. George H. Esser, Jr., executive director, North Carolina Fund, and vice president of the National Association for Community Development.

Mr. Esser, we are happy to have you with us.

Do you have any colleagues you would like to have sit at the table with you?

STATEMENT OF GEORGE H. ESSER, JR., VICE PRESIDENT, NATIONAL ASSOCIATION FOR COMMUNITY DEVELOPMENT, AND EXECUTIVE DIRECTOR, THE NORTH CAROLINA FUND; ACCOMPANIED BY RICHARD WENNER, EXECUTIVE DIRECTOR, NATIONAL ASSOCIATION FOR COMMUNITY DEVELOPMENT; AND WILLIAM PURCELL OF THE STAFF OF THE NORTH CAROLINA FUND

Mr. Esser. Yes, sir.

Accompanying me are Richard Wenner, executive director of the National Association for Community Development, and a native of the Commonwealth of Pennsylvania, and Mr. William Purcell, staff of the North Carolina Fund.

Senator Clark. I will ask to have Mr. Esser's statement printed in full in the record at this point and then Mr. Esser, you may either read it or ad lib on it and we will have a little colloquy as you go along.

(The prepared statement of Mr. Esser follows:)

PREPARED STATEMENT OF GEORGE H. ESSER, JR., VICE PRESIDENT, NATIONAL ASSOCIATION FOR COMMUNITY DEVELOPMENT, EXECUTIVE DIRECTOR, THE NORTH CAROLINA FUND

My name is George Esser. I am Executive Director of The North Carolina Fund[1] whose office is in Durham, North Carolina.

I appear today as Vice President of the National Association for Community Development, an organization which numbers among its membership approximately 650 community action directors, staff, and others, including state associations of community action officials, interested in the success of the economic opportunity program. The National Association for Community Development was incorporated in 1965 to stimulate and assist the national effort to provide all citizens with the opportunities necessary for them to reach their full human and economic potential. NACD also helps to develop professional competence in the administration of state and local community development programs and works with all public and private agencies concerned with the development of human resources.

On March 3, 1968, the report of the President's National Advisory Commission on Civil Disorders was released. This report which directs the nation's attention to her internal problems and demands immediate remedial action to relieve those problems, stated that:

"Pervasive unemployment and underemployment are the most persistent and serious grievances in minority areas. They are inextricably linked to the problem of civil disorder." [Summary, Report of the National Advisory Commission on Civil Disorders, p. 24]

This committee, recognizing the seriousness of the crisis facing our nation, has before it two bills—both containing essential and admirable ideas which speak directly to these basic problems of unemployment and underemployment.

Before speaking directly to the employment bills before the committee, I must emphasize a particular concern, shared by NACD members throughout our nation. The focus of efforts to alleviate unemployment and underemployment in our nation have been almost wholly urban centered. We call attention to certain basic problems which we feel perpetuate our urban employment crisis—the manpower problems of rural America.

Plagued by a serious lack of jobs, each year rural America sends thousands of unskilled, often illiterate, immigrants to the ghettos in our cities. Urban America, with its abundance of industry, provides an increasing number of skilled jobs which these immigrants cannot fill.

NACD recognizes the need to extend massive effort at both the rural and urban levels. We strongly urge that the stated concern for effort at the rural level be translated into action coordinated with the problems in our urban areas. We are convinced that manpower efforts must go beyond the treatment of symptoms of our crisis—the increasingly large concentrations of unskilled people. Manpower employment efforts must be designed to deal with basic and perpetuating causes.

We believe that the effort to deal with our manpower problems must eventually result in regional schemes, in some parts of the country, schemes which are capable of helping coordinate rural and urban job creation, training, placement and supportive services. To accomplish such coordinated efforts within mixed urban and rural areas it will be necessary to respond to the initiative of state and regional public and private agencies which have the flexibility to administer such programs. We are aware of the complexity of such regional solutions. More importantly, we realize the complex, intertwined and overlapping employment problems in our nation; and we also realize that effective solutions will not come easily.

Recognition of rural America's role in the perpetuation of our national employment crisis without some serious attempts to provide financing and ideas for coordinated solutions constitutes serious and dangerous neglect.

NACD feels strongly that it is extremely important to utilize industrial and governmental resources to provide jobs for our hard-core poor. We have expressed a strong commitment to such an alliance from our beginning discussions of manpower efforts.

---

[1] The North Carolina Fund was established in October, 1963, through a grant from the Ford Foundation, as a private, nonprofit corporation. Since April, 1964, it has attempted through financial assistance to eleven local community action agencies, through grants to state and private institutions, and through demonstration projects of its own to experiment with new ways of helping North Carolina low-income people break out of the cycle of poverty.

Industry has the jobs and is best qualified to provide on-job skill training to enable individuals to fill those jobs. In every way possible, through tax incentives, on-job-training, and overhead reimbursements, industry must be encouraged to direct its efforts to the solution of manpower training and job shortages. Industry must be encouraged to coordinate its efforts with public and private agencies that *know* the poor. These public and private agencies must be provided the capability to encourage the hard-core poor to participate through vigorous outreach efforts. These agencies which have the specialized skills must be provided the capability to supply basic education, general skill training, and supportive services such as health and dental services, day care, job and family counseling to participants in the manpower programs. The added responsibility for encouraging industry to negotiate with agencies to provide essential services beyond a job and a skill again must fall on these agencies and concerned industrial leaders.

NACD supports federal, state, and local governmental efforts to provide meaningful employment, as a last resort, for presently unemployable individuals. We view the purpose of governmental employment as a stop gap measure that will develop participants to a level from which they may later enter the competitive job market. We believe that only through eventual entrance into the competitive job market can individuals gain the experience and ability to function in this increasingly technological society.

We must make clear our support for immediate action. Jobs and training *now* for urban and rural areas must be a priority to stave off the growing hopelessness and despair in our nation.

But in the provision of *employment now* we must carefully build the concern and flexibility which will enable us to develop long-range plans for the future alleviation of manpower problems in our country. Without concern for the *total* manpower picture we can look forward to years of frenzied "crash" appropriations. We can expect continued frustration and pressures for immediate results, local results, that *cannot* come in in any significant degree as one crash program succeeds another, each ending in frustration and only glimmers of hope.

One necessary ingredient for any form of effective long-range planning is long-range funding—authorizations for 3 to 4 year periods. If our experience tells us nothing else, it does make clear the need for time to operationalize and administer a program successfully. To plan for overall maximum effect with appropriations demands time.

There must be also provision for flexibility in fund use and program administration to allow for maximum *local initiative*. It is only through such flexibility that manpower and other programs can be planned and implemented to meet specific area needs. Programs designed for urban areas do not necessarily work in rural areas. Flexibility which enables innovative use of program ideas and funds can better meet local needs, as well as local demands for meaningful participation. NACD has become increasingly aware of the rewards of local initiative, innovative programs, in community action programs across the nation. Though the incidences of true local initiative are few, the information gained through the experimentation is invaluable in determining long-range future solutions to our manpower problems.

In an effort to implement long-range planning in the field of manpower, the establishment of an automated job vacancy and labor supply system could be extremely significant. In North Carolina, as in several other states, computerized job-matching programs are in the experimental stage, all of which, in addition to providing manpower information for job creation and skill-training curricula, are being coordinated with action programs to provide direct placement for the unemployed. The implementation of such a system at a national level presents some serious operational difficulties, but the information gained—if it can be kept updated—can be invaluable for use in long-range human resources and economic development planning. We commend the effort to include such an idea in job programs for the future.

In manpower and employment planning, one fact must be *reiterated*. To implement either crash programs or long-range ones is going to require a coordinated, comprehensive effort. We cannot fully predict or control the social and economic factors affecting our lives. Our President noted recently that, increasingly, events rather than men are shaping our future. We fully agree, and urge that utmost priority be given to the development of a manpower system which will provide a comprehensive solution to our crisis. If we fail to respond to this priority, we may find ourselves in the near future viewing in dismay the chaos we indirectly fostered—and wishing we had acted otherwise.

Urban and rural America need programs and financial support, but equally they need well-coordinated machinery for administering those programs and moneys. They need a structure which will move individuals through every step of a comprehensive manpower process.

The manpower process we envision begins with contact with the poor initiated by industry or government and directed through persons who can communicate with the poor. And it moves to prevocational training and counseling and other supportive services which are needed to make the individual employable or trainable. Then, and perhaps only then, can we move successfully to placement of the poor in training or jobs. Finally, the process provides continuing supportive counseling and services until the individual is able to function effectively in a job situation. Throughout this process we recognize the utmost importance of the attitude of the poor. These people must have confidence and trust in the system. To the extent possible, neighborhood corporations and sub-professional workers should be used to implement the process. They can more effectively secure the trust and confidence of the poor.

To produce results—people in jobs—every step of the manpower process must be considered important. Program efforts cannot leave gaps in the system. To be effective, manpower legislation for the hard-core unemployed must provide a structure for achieving each step in the process.

Furthermore it is our firm belief that in order to implement the manpower process, professionals familiar with the problems of the poor must be trained to better administer a system of manpower services. Legislative concern backed by adequate training appropriations could increase our short supply of such professionals. Working within a coordinated administrative structure they could maximize our chances of success for all future manpower efforts.

We believe that such a structure, and the individuals to implement that structure, could be created not only through new appropriations but also through changes in present manpower program administration. All changes should reflect new efforts aimed at reducing the proliferation of overlapping programs and agencies.

Willard Wirtz, Secretary of the Department of Labor, in 1966 attested to the fact that in major metropolitan areas in these United States, there were 15 to 30 separate manpower programs, all federally financed, operating in isolation from each other. He cited the wasted overlap of effort and the degree to which those people most in need of help were overlooked. We do not have the time or the money to repeat our past mistakes.

We heartily recommend that this legislation be designed so as to avoid the proliferation of such administrative havoc. We urge that the job programs be enacted to the greatest extent possible through existing program channels. But first these existing manpower and supportive services programs must be coordinated *within* and *across* agency lines at the federal level. Results of that coordination would then be more easily effected at the local level.

The responsibility for manpower administration is a dual one. There are portions of programs that can be effectively administered best through local community corporations which maintain close contact with the poor; other portions must be implemented by public or private agencies, which offer specialized services. A willingness to accept this kind of dual responsibility for providing manpower solutions can be encouraged through the legislation before us.

We have in this country, through the Economic Opportunity Act of 1964, local community agencies and community organizations of the poor themselves which have as their ultimate aim the improvement of life for the hard-core poor. These instruments are available, and we strongly support the suggestions, in both bills, that we use them.

Providing solutions to manpower problems for America's hard-core unemployed poor also demands a new attitude and new assessments. Private and public employers must re-evaluate their job tasks, their employee requirements, and their approaches to training. They must evaluate their past cautions and experiment with new employees—employees with black faces, less than eighth grade education, criminal or delinquency records, tattered clothes, and broken English. Individuals with a potential ability to function in working society must not be denied entrance on the basis of *artificial* barriers.

More authority must be vested in public and private commissions to insure the elimination of such barriers through encouragement, and pressure—if need be—on employers. We must see the fulfillment for all individuals of their right to obtain employment at the highest level at which they are able to perform.

Before this committee last year, I testified that we have seen the poor respond to opportunity. They will go back to school to learn to read and write and acquire a skill. They do want day care for their children and a decent house in which to raise those children. And they want to work for what they receive. This year we reiterate, with more confidence, our observations of the past.

The bills before us today represent beginning steps in the realization of successful manpower programs and of the poor's potential role in manpower efforts.

In particular the "local service company" concept, where groups of hard-core unemployed persons may establish their own companies to receive federal aid and eventually become profit-making, illustrates faith in the poor's potential. We strongly favor that concept and believe that our experiences with the poor in community action across the nation show that it can work. In one North Carolina city, where a group of domestic workers have formed and operated a "domestics' service" for apartment complexes, we have a perfect example of the type of success that can be achieved.

Specifically, we encourage further steps for the maximum feasible participation of the poor through their involvement in state manpower plans and in the Economic Opportunity Corporation proposed here today.

In conclusion, we once again express our congratulations to you for the two legislative drafts which have emerged from members of this subcommittee. We strongly recommend that this committee produce legislation which will incorporate the best ideas in both bills under consideration.

Legislation which provides a workable system of employment must be based on the following prerequisites:

First, solutions to rural as well as urban employment problems must be included.

Second, the legislation must provide a specific but flexible structure for both coordination and the development of comprehensive plans in order to obtain maximum effect, from employment programs.

Third, there must be provisions for the vigorous involvement of private industry in job creation and training—and realistic incentives for industry's participation.

Fourth, consideration must be given to the incorporation of long-range funding and flexible administrative procedures. The purpose of these measures is to encourage more local initiative and meaningful involvement and to insure locally-tailored employment programs.

Fifth, and perhaps, most importantly, legislation must reflect an increased commitment, in all manpower programs, to the maximum feasible participation of the poor.

Senator CLARK. Before you proceed I have a statement I should like to make.

Martin Luther King is dead, a victim of man's persistent inhumanity to man.

With his tragic passing so sorrowfully reminiscent of the death of President Kennedy we have lost the sanest and most persuasive voice for moderation and nonviolence this Nation has ever had.

Although Dr. King is dead we must all pray that moderation and nonviolence have not died with him.

We can help to make that so but we must act now—swiftly—to build for him a lasting monument of law, justice, and equality of opportunity, which were always his goals.

We in the Congress must now demonstrate our rededication to these same goals not only out of a sense of compassion for his loss but because honor and duty require it.

Let us pass the open housing bill. Let us pass the emergency job bill. Let us provide the funds to carry on the war on poverty. Let us pass the equal employment opportunity bill. Let us appropriate whatever is needed to bring meaningful educational opportunity to the deprived children of the slum and let us, now, before we are visited by national tragedy yet again, pass the Federal gun control bill.

By so doing we will have paid a tribute to Dr. King and built for him a living memorial for justice and freedom in the United States.

I would like to ask everyone in the room to observe a few seconds of silence in memory of Dr. King.

(Moment of silence was observed.)

Senator **Clark.** Please proceed, Mr. Esser.

Mr. **Esser.** Senator Clark, I think on behalf of NACD and on behalf of myself, personally, I feel that your statement is a very fine tribute to a great American and that the action that you propose in his honor is the type of action that we need in this country to make the ideals that he set forth actual reality for all Americans.

Senator **Clark.** Thank you, sir.

I appreciate your comment.

Mr. **Esser.** I believe the legislation which you have introduced goes a long way toward meeting the needs of not only all Americans but particularly the Americans for whom Dr. King was most concerned. These types of opportunity for individuals and their families are most essential at this time.

In looking at this legislation we are aware that there are several ideas before the subcommittee, all of them good.

We endorse the scope of the legislation, the purpose and objectives of the legislation, the involvement of industry because only industry can best define the jobs in the private sector and can best handle the training in the private sector.

We endorse the fact that the legislation aims at both urban and rural areas.

We believe it is important that the capacity for manpower administration that has been built up in many communities through the community action programs be utilized.

We believe that the concept of developing more jobs in the public sector is important not only for those who cannot qualify for jobs in the private sector but in improving the services in the public sector.

We recognize there will be many problems in implementing legislation of this scope. We recognize the necessity for better coordination of the affected Federal agencies, better communication to the local areas and we believe it is very important in the local community that all of these programs continue to involve to the maximum extent possible the participation, the planning, the implementation by representatives of the poor themselves.

We have a statement which is being placed in the record and I would be very happy to try to answer any questions which you might have.

Senator **Clark.** Thank you, Mr. Esser.

If you will turn to your prepared statement, the first full paragraph, you say that you believe that the effort to deal with our manpower problems must eventually result in regional schemes, in some parts of the country. You say that these schemes should be capable of coordinating rural and urban job creation, training, placement, and supportive services. I agree with you. I wonder if you have any positive thinking as to how we can do that.

As we dealt in this subcommittee with the poverty program, we have come to realize that despite the stress which is given to poverty in our larger cities and smaller cities, an enormous amount of poverty in America is rural poverty. How can we assure that the rural and the urban efforts are properly coordinated in the face of our incredibly complicated framework of local, State, and National Governments, and our city councils, borough councils, State legislatures, Congress, the various bureaucratic hierarchies? I don't use the word "bureaucracies" in the invidious sense at all. This diffuse funding bothers me more than anything else because it is so complicated.

Can you contribute toward dissolving somewhat my pessimism?

Mr. **Esser**. I am sure I share the sense of frustration you have been expressing. I do think we have had some experience which is helpful.

Of course, obviously, the first objective that people in rural areas want is jobs and in my State, which is passing from agriculture to industry, where industry is in the Piedmont section we have the jobs, and where agriculture was we have a great surplus of people.

The first objective always seems to be to encourage industry to come into the rural area. While this can be successful to some extent, it is my belief that it will never be completely successful because industry tends to go where economic advantages are and where other industry and services are located.

Senator **Clark**. Also, does it not tend to go where there is a skilled labor force?

Mr. **Esser**. That is correct.

The rural areas are also the areas with the fewest resources for public education. We do not have the facilities, technical or general, for producing skills in those areas, such as Appalachia.

We have to provide the resources to improve education in rural areas in my part of the country, not only in Appalachia but in the Southeast and in plantation country.

Senator **Clark**. Would you put a good deal of emphasis on technical and vocational education?

Mr. **Esser**. I think that technical and vocational education is an essential part of good education. There must be additional technical and vocational institutions for those who are beyond the ages of public school.

It is quite obvious that we need tremendous resources that do not now exist in these areas.

Senator **Clark**. I do not know where those resources can come from except from the Federal Government.

Mr. **Esser**. I agree with you, sir.

Secondly, I think we can do a much better job of learning where job opportunities are in the urban areas. This applies not only to the larger urban areas but also to the smaller urban areas which are closer to the rural areas.

It has been our experience that we do not have a good exchange of information between the rural area and the nearby urban areas as to what jobs are available, what skills are required.

We established in North Carolina with the assistance of the Office of Economic Opportunity last year a nonprofit manpower development corporation which is experimenting with how the computer might be used with the new testing devices for quickly identifying both the job opportunities that are available and the people in the State away from the locus of the job who have potential for training and for filling the jobs.

Senator Clark. The largest single group of the hard-core unemployed in your State would be the rural Negro, would it not?

Mr. Esser. That is correct.

Senator Clark. I take it, without being invidious, I think that North Carolina has done extremely well as a whole, but the level of educational opportunity for the rural Negro does not result in turning out very skilled young men or women.

Mr. Esser. It is difficult to take a young man or young women who has all of the desire in the world but has had a poor education which may range from 2 to 8 years and then not a very good quality of education and expect him to go into an industrial firm.

We have experimented with this again, with mobility schemes of identifying people in eastern North Carolina who are unemployed and of matching them with jobs in the Piedmont.

Senator Clark. What do you see is the role of the State in this problem of coordinating rural and urban job opportunities for skilled training?

Mr. Esser. I think one of the roles which the State must play is this role of information. Second is the role of emphasis on education and helping to develop in the rural areas education for skills that are marketable where jobs are located.

The third is to try to develop types of economic enterprises in the rural areas that make sense for the type of labor force that is in the rural areas.

While this may be only a transitional measure, we have not begun to use up the ideas for the use of low-skilled labor for relatively simple type tasks such as packaging, the production of simple items that we find in our own industry are often in demand that can use low-skill labor but for which we need capital and management to develop.

Senator Clark. Let's hope that will come to pass.

In your statement you say industry has the responsibility and is best qualified to provide on-the-job skilled training to enable the individuals to fill these jobs.

I would view with something less than complete agreement that statement.

One of our witnesses the other day, Mr. Riessman, challenged this conclusion and pointed to the high dropout rate in industry where on-the-job training has been offered.

He made the comment that industry had never been tooled up to attempt to retain an individual to whom they gave a job, or to create any motivation. He felt that there was great effort needed to persuade industry to look at on-the-job training in terms of the qualifications and problems of the hard-core unemployed in light of the type of job that industry had available.

In short, he took a rather dim view of the potential of industry in this area and felt that public service employment, including nonprofit, civic organizations such as hospitals and the like was a much more fruitful area.

As you know, the emergency employment bill allocates the potential jobs equally between private industry and the public sector. I wonder if you would elaborate on your view, which is somewhat contrary to that of Mr. Riessman, that our best hope is in private industry.

Mr. Esser. I would agree with Dr. Riessman on the need for public sector jobs. The largest number of existing jobs is in industry, and where industry is willing to call on or does call on the supportive services that are available in a community to help provide additional motivation, education, adaptation to the community, that certainly in the smaller cities of the South, and in my part of the South we have been successful in reducing the turnover rate.

I would not for a moment question the difficulty of this. You simply cannot take a man from a rural area, bring him into a city, place him in an industry, no matter how much he wants a job and expect him easily to adapt to the job or for the supervisor in industry to easily understand the employee.

But, with supportive services arranged between industry and public or private agencies in the community, I believe we can reduce this turnover substantially.

Senator Clark. You would put a lot of emphasis on supportive services which generally you cannot expect private industry to create?

Mr. Esser. That is correct.

Senator Clark. Perhaps if we turn to the subsidy of private industry it ought to be expanded so that support for such services would be reimbursable.

Mr. Esser. That is correct, with the situation of either direct grants to the supportive service organization or with industry.

I heard industrialists talking the other day proposing the idea of industry contracting with private or public agencies for the supportive services.

Senator Clark. And being reimbursed for them.

Mr. Esser. That is correct.

Senator Clark. There is another aspect of this where I got into a discussion with Dr. Riessman. He is much more of an optimist in this area than I am.

He felt the greatest emphasis should be placed in terms of creating motivation for the hard-core unemployed in either public service or private industry, with the lure being held out that it would be a new career. He could march on up the ladder to higher and higher compensation and job content along with other rewards of success.

I have been very much concerned about the garbage strikes in a number of cities lately. It seems to me that we are always going to have to have people to collect garbage. To be sure automation has made the collection of garbage a lot simpler than it was and it has cut down on man-hours.

Nevertheless, garbage collection seems to me to be an example of a real nasty job which does not have much career opportunity to it.

Yet, it is one where you have to create at least minimum standards of pay and work conditions to the extent that there can be sanitary, decent working conditions.

Are there not a wide variety of very menial jobs which somebody is always going to have to do and where many among the hard-core unemployed will find themselves?

Or, is this too pessimistic a point of view?

Mr. Esser. It is quite true that we have many tasks in this country which are not pleasant tasks and where it is difficult to build a career ladder.

On the other hand, if we apply some thought and ingenuity to tasks within the same community, I think we can being to develop some ladders for those who show the intelligence and the motivation to find other opportunities.

I think this is going to require some rather great changes in public personnel administration.

Senator CLARK. In other words, it is better, is it not, to try to create adequate pay standards and working hours for the hard-core unemployed at a menial task than to leave them in the slum on relief and not motivated to take any job at all?

It would be pretty hard for me to see how you could motivate a high school dropout to join the garbage collection force of a city.

Would you react to that in one way or another?

Mr. ESSER. If those tasks provide adequate compensation and I think we must reconsider compensation for tasks of this type, we must reconsider the fringe benefits, we must reconsider the investments we make as citizens in tasks that we demand, and that people who do difficult and unpleasant jobs must be compensated for them, not solely according to what skill they bring to it but also in recognition that men accomplishing these tasks must raise families, provide homes, and lead a satisfying life in this country.

I think we have to reconsider not only sanitation workers but many other jobs.

Senator CLARK. Another very important one is the city policeman. Maybe Mayor Walsh will cover this subject when he comes up to testify.

I am of the opinion that qualified policemen are in short supply and yet this is an important situation in view of the crisis today.

I don't know if you would think there is potential among the hard-core unemployed, many of the Negroes, to become good policemen.

If they could, it would be helpful because to a large extent they are dealing with people of their own race. We do not seem to be able to recruit them.

Do you see any problems here?

Mr. ESSER. One of the difficulties is the lack of confidence that many poor people have not only in the police department but in government generally and particularly the black poor.

I think there is a great opportunity for developing different types of initially subprofessional jobs in the police department that help community relations-type functions that help provide links of communication between the police department and the poor community.

Senator CLARK. I agree that there is great opportunity for satellite work in a police department, supportive services, but in the end it is the cop on the beat who is going to maintain order. We are just not getting enough of them, and our cities do not seem to be able to provide the money to induce them to apply.

Here in Washington we have a great many vacancies in the Police Department.

Mr. ESSER. I think this is true. We have to raise the image of law enforcement as a career because we are demanding skills, we are demanding intelligence, we are demanding understanding and we cannot expect a young man to find law enforcement an appealing field when it is so demanding that he is not going to have a career in terms of pay and other benefits that are in relation to what he must perform.

Senator CLARK. This leads to the problem of correctional services where a study is now under way, sponsored by this committee and passed by the Congress. How do we deal with the problem of the shortage of skilled manpower in the various correctional disciplines all the way from prison warden to policeman and to probation patrol officer to prison psychiatrist?

Here is an area where we do not have the skills and there is no inducement to go into those areas. The present turnover of prison wardens is frightening.

They are in and out of a position in no time at all.

Mr. ESSER. I share your concerns. Having had some experience before I came into my present task with the institute of government at the University of North Carolina, we had quite an extensive program dealing with the correctional field.

I think in terms of pay but in terms of nature of job, through education, we have to develop more challenge for the people who are filling the jobs.

In our own State, the attitude of the correctional employees in the prison system has been dramatically changed since we developed a number of things, among which is a most successful work release program.

So the prison official and the employee himself assess the rehabilitation process day by day and I think this sort of challenge can be most effective in the years to come if we are willing to be innovative and make the investments necessary to attract and educate the people filling those tasks.

Senator CLARK. Would you turn now to page 4 of your statement, the paragraph which begins in the middle of the page, the second sentence.

> We view the purpose of governmental employment as a stopgap measure that will develop participants to the level at which they may later enter the competitive job market.

Our friends of the AFL-CIO testified here the other day and they did not agree with that and I do not agree with it, either. I believe there are wide areas in the public sector where you can build a permanent career.

We cannot expect the free enterprise system and the competitive job market to provide the goods and services which our people have come to demand. I give you this somewhat classic view in order to provide you the opportunity to support your argument.

Mr. ESSER. I think it is a question of communication.

In terms of developing careers in public employment, I feel that there will be more jobs being developed in the next 10, 15, 20 years in the public sector than there will be in the private sector.

Senator CLARK. You say you do or do not?

Mr. ESSER. I do. I think it is in the public sector that we have some of the most demanding needs in this country.

I think what I was trying to say here, and it is not polished, is that I would not want to see that the government as the employer of last resort, in the sense for example of the way in which poorer mountaineers were brought into the so-called "happy-pappy program".

Senator **Clark**. Such as the WPA?

Mr. **Esser**. I don't think we want to consider jobs as a last resort and as a permanent part of our employment picture. We want to build in both the private and public sectors an employment system and through education opportunities, so that what the government had to provide would be minimal.

Senator **Clark**. Do you have any thoughts on this negative income tax idea, where the people would not be working but would not be on welfare?

Mr. **Esser**. I am speaking personally on this, Senator Clark.

First of all, I think some way must be found for assistance to those who cannot work to reach a level which will enable them to lead a much better life—the old, the handicapped, the very young.

I personally feel until the time when we can handle some of the situations such as you refer to such as the sanitation workers—until we can raise the wage rate for menial task to a level that will produce enough to feed, house, and clothe the families of this country that we must seek a device that will insure that those families have an adequate income over and above what the wage earner can earn.

I feel that this country has the wealth and the affluence to assure all of its children and all of its productive citizens, no matter how menial the task may be, a normal standard of living.

Senator **Clark**. All of us are certainly pretty well wedded to the concept that you provide for a family by working for a living. I think it is also now accepted that if you don't have any money and cannot get a job, the community must pay you enough to keep you and your wife and children alive.

Where the line is drawn, I just do not know. I suspect you would agree that our system of welfare across the country has not been a conspicuous success.

Mr. **Esser**. It has been the reverse when we look at the number of broken families which the situation has created and will continue to create every day, particularly in cases where the male is unemployable.

Senator **Clark**. So what do we do about it?

Mr. **Esser**. On the one hand, certainly a change in the welfare provisions is needed.

The solution I prefer is to provide those people with jobs and hopefully with jobs that will lead to a career. If they cannot qualify for that type of job then I think it must be a job that is government supported employment as the employer of last resort.

Senator **Clark**. That does not really deal with the vexing problem of the widow with four, five, six, or even seven minor children.

Mr. **Esser**. That is correct, and that is why I feel that recognizing all of the problems we must make provision for a decent income for people in this situation.

Personally, I think it is better to provide that income than to force that widow to work, because if she has to work her children, particularly if they are young, are being deprived of the care needed from a mother.

How we put all of the pieces together, I think it is the same sort of perplexing problem when we are dealing with manpower.

5

I am not sure how we put these pieces together, but we have to have a system that when put together will provide an adequate income for every American family.

Senator CLARK. Senator Javits and some of the rest of us have laid some stress on day care centers where a mother can take a job and make a living while the children are taken care of in a day nursery.

Do you feel some families have to be dealt with on an ad hoc basis? In some cases it is much better for the mother to stay home and take care of the children?

Mr. ESSER. In many cases we end up with problems with the children which would not have occurred had the mother been at home with the children.

Senator CLARK. Will you turn to that part of your statement, the paragraph beginning at the bottom of the page:

> In particular, the "local service company" concept, where groups of hard-core unemployed persons may establish their own companies to receive Federal aid and eventually become profitmaking, illustrates faith in poor's potential.

This has been given a high priority in the S. 3249, the Employment Incentive Act of 1968.

I must say that I am pretty skeptical about it. Do you have any experience which would lead you to believe that you can take a group of hard-core unemployed and through the magic of creating a corporation, which some of our friends think is the answer to all of our problems, turn them into a group that can conduct a business and make a profit.

I would be pretty skeptical.

Mr. ESSER. We are experimenting with it in our State in several places. I would certainly agree that this is a very difficult thing to do.

On the other hand, we particularly found this in the Negro community. There is a great need and there are great benefits from good community organization carried on by Negroes and in the ghetto.

As they are brought together and become concerned with their own need, they begin to develop some economic objectives. For example, we have one large community agency in one North Carolina city which began having buying clubs for their members in order to take advantage of discounts.

This is developing now into possibilities of larger retail business involving as employees the members of this organization.

We have another city where the domestics, and there are some 10,000 in that city that are seeking better wages, better conditions, who have organized themselves, taken additional training and they are now marketing their services on a much more business-like basis.

Senator CLARK. I am glad you brought that up, because there is such a stigma today around domestic service and there is a shortage of competent domestics.

It seems to me that is a real shame that some psychological method cannot be devised, whereby when you have specific labor shortage and unemployment in a slum area the two cannot be brought together.

One of the methods, and I want to know if you agree, is to upgrade the general view of domestic service so that it is considered an honorable way of making a living.

Mr. Esser. It is not only a psychological problem but it is a problem of money. Many people who want domestic service also want to pay as little as possible for it.

The domestics of which I am speaking are giving better service for more pay and this is having an educational impact on people.

People are beginning to realize by paying more they are getting better service. Psychologically, I think it is of great advantage to the domestic to feel he or she is upgrading the nature of employment but it has to be accompanied by education of the employer.

We find, certainly, in the city where this experiment is taking place that many housewives are beginning to take their place in the educational process.

They recognize, really, the justice behind the request for more pay and they are taking the lead in helping to explain to the economy-at-large what the objectives of this organization are.

My only experience in observing domestic service is that we need the domestics to have a better ability to provide better service.

I think there is a great potential here.

Senator Clark. I agree with you. It is an impossibility to get anyone to come in and cook dinner for you in these days.

Mr. Esser. There is a problem not only with domestics but custodial workers.

Senator Clark. Thank you very much, Mr. Esser.

Senator Clark. Mr. Patricelli is here representing Senator Javits whose plane, I guess, is flying around over National Airport unable to land because of the very heavy traffic. This is customary procedure for those of us who are trying to go back and forth from our home States.

Mr. Patricelli. There is a proposal spelled out in S. 3249 that the States should have allocated to them some 40 percent of the public service employment funds to pass through to the localities under a State plan arrangement.

I believe you have a State manpower organization in North Carolina. Does your experience under that organization or do you yourself on other grounds feel that some kind of State role should be built into this kind of a program?

Mr. Esser. The statewide manpower corporation we have in North Carolina is basically a research and development corporation and private, nonprofit.

On the other hand, I believe it is always hard to determine what the role of all of the governmental units is, but I think certainly the State has great responsibilities first with respect to information, the exchange of information from community to community, particularly in an area of mixed urban-rural, and the availability of jobs.

Secondly, the State obviously, depending on the responsibilities of the State—in my State, for example, the State has significant responsibility for vocational and technical education which is obviously an important part of this. On the other hand, I think that the communities have developed perhaps the best capacity thus far to plan and direct manpower programs.

I am not sure to what extent I see the State directing or helping in the planning of local manpower programs except to the extent that State functions are involved in the administration of those programs.

We are having the experience obviously all across the country in the concentrated employment programs that State agencies are being drawn in for the planning rightfully for concentrated employment programs.

But very often they do not have as much understanding of how these programs should be administered.

I think that the State definitely has a role in any employment program because of the resources and functions that they carry out.

I am not quite so sure as to the extent to which both the State and the Federal Government should try to determine the criteria or guidelines for employment programs in the same community if you follow me.

Mr. PATRICELLI. Do you think there might be a particular role for the States in connection with programs in the rural areas, with which you have a particular concern?

Isn't there a greater lack of expertise in rural communities as compared to the cities in mounting manpower programs and would it make sense to try to go through the States in that connection?

Mr. ESSER. There would be an opportunity for a direct State-administered manpower situation in that State or the creation of nonprofit organizations in a region or utilizing other governmental units that are organized on a regional basis such as the development district under the Economic Development Act.

As a matter of fact, we have a rural sector in North Carolina which has been organized. The area was designed essentially under the development district area so that the administering organization will be a nonprofit organization representing those counties.

I think there is a great deal of flexibility which we can follow in these areas.

Mr. WENNER. I would like to respond to that. It seems to us that the history of the Economic Opportunity Act is something that should be looked at in this regard.

The Office of Economic Opportunity said to the States from the very beginning that it knew that one of its greatest weaknesses was its ability to mount rural programs and that it asked the States through their State technical assistance offices to help mount rural programs.

The history of that State involvement is not helpful.

The States somehow or other could not find the resources to fill this great vacuum in rural resources so we question whether overnight the States are going to be able to fill the manpower needs of rural America, either.

Yes, there is a role for State government as Mr. Esser has outlined. There are lots of things they can do, but an arbitrary division of slots merely compounds problems and in the long range it is not a helpful solution.

Mr. PATRICELLI. Would you not say, Mr. Wenner, that the OEO approach to State technical assistance offices has never been one of particular willingness to delegate authority to those offices?

Have they been given a real opportunity to do their best vis-a-vis rural areas in the States?

You would not necessarily judge the capacity of States according to the results of the State technical assistance offices under the Office of Economic Opportunity Act?

Mr. Wenner. I think you may have to base it on that. I know you are alluding to the fact that the Office of Economic Opportunity has not been terribly constructive in this regard and has not always spelled out to the State what OEO wanted the State to do.

It has not always funded them with enough money.

But the States have always been there.

The States have always been able to do whatever they wished.

There was nothing in the Economic Opportunity Act which prohibited the States from moving out with strong technical assistance and services of their own, and a few States did.

I think you have to look at this experience realistically. OEO did not hold back the States. Maybe they did not give them all the resources they wanted, but they did not hold them back from taking initiatives themselves.

Mr. Patricelli. Do you think it is possible for the States, considering the realities of the situation, to mount a strong and effective technical assistance operation if that is by and large their sole responsibility, or does that have to be coupled with some sort of grantmaking authority as well?

Are the States going to either be inclined to contribute their services in a technical assistance manner or be able to enforce or encourage implementation by local groups of guidelines established through technical assistance if they do not have some kind of grantmaking authority tied to it?

Mr. Wenner. I am afraid we are discussing an issue which has haunted us for the past 2 years; that you have to run something to be a part of the program.

I would hope that all of us would get away from this notion. If the State can't run a local poverty program, then it does not want to provide technical assistance.

That is a rhetorical statement.

Mr. Patricelli. I didn't say "run," but "have grantmaking authority."

Mr. Esser. Again, we get into very fundamental problems of administration here. If every grant from the Federal Government for manpower and educational programs or any program has to sift through State body, and in coordinated, complex programs like manpower may sift through half a dozen State bodies before it gets to a community body. It becomes a terribly difficult administrative, coordinative problem.

We feel the strength of some of our best antipoverty programs these last few years have rested on the notion that local people, deciding their own programs, have developed their own capabilities, at the community level to solve their own problems.

This has been a lot of hard work. There has been obviously a lot of negotiations, peaceful and sometimes not always peaceful, but it has been at the community level that good antipoverty programs have been hammered out and their problems solved and a good administrative organization developed.

This, we think, is the lesson we should learn in manpower programs, too.

Mr. Patricelli. One last question, Mr. Esser: S. 3239 makes a particular effort to develop new kinds of incentives and motivations in community service employment programs so there are not the high levels of dropouts and early terminations that we have seen in the previous programs of this type.

You have alluded to one of these techniques, which is the local service company approach.

Do you think the other idea; that is, of giving successful participants in a community service employment program a preferred entry into a program such as on-the-job training or another program involving regular competitive employment makes some sense in this regard in motivation?

Mr. **Esser**. Not having seen it work precisely that way, I would say this:

I think that any system of incentives, particularly if it has attached to it, the career ladders, and all others ideas we have in this area, should be tried.

I think that any ideas that are aimed at this problem might very well be tried. I think in experimenting and perhaps we need more money for research and experimentation—certainly the concept of a better chance and a quicker chance makes sense.

Senator **Clark**. Thank you very much, Mr. Esser. You have been very helpful to us.

Mayor Walsh, would you come forward, please?

We will give Senator Javits, when he gets here, the opportunity to introduce you but I would like to expedite the hearing and move ahead.

Mr. Gunther, I am a little bit concerned, having read Mayor Walsh's statement which is excellent, to know whether the U.S. Conference of Mayors has any enthusiasm for this legislation or is just going through the motions.

We are going to hear from Mayor Walsh but I wonder if you would respond to my concern that unlike the League of Cities, the U.S. Conference of Mayors does not feel very strongly that this type of legislation would be desirable to have passed at this session of Congress.

Mr. **Gunther**. We had hoped Mayor Barr of Pittsburgh would be able to come.

Senator **Clark**. Yes, I was looking forward to hearing his views.

Mr. **Gunther**. I think the record is pretty clear, Senator, from last fall and summer and this winter that the conference, the mayors in the conference have been very strong supporters of this manpower legislation.

I believe last summer through their iniative in the formation of the urban coalition and you and Senator Javits on the floor tried to get it in the bill. I know they worked very hard on it.

They got in touch with their Senators and made several calls even outside of their own States where they had contacts and where they thought it would help.

I know Mayor Barr called two or three Senators in the Republican Party whom he knew and they voted for your bill on the floor.

Unfortunately, we did not get quite enough votes for that.

Senator **Clark**. I realize that and I appreciate everything Mayor Barr has done in this respect.

What I am specifically interested in getting is your categorical statement that your organization supports this legislation.

Mr. **Gunther**. You have it. More than that the organization very strongly supports it and in January devoted most of its legislative meeting here to trying to visit people in support of it up here in Congress and went to see the President of the United States for an hour or two and all we talked about in there was the kind of legislation, tried to persuade the administration to change its mind and support it instead of staying either neutral or being against it.

In the lobby of the White House the President and all members of the executive committee, which included the Mayor of Philadelphia also, Mayor Tate, gave the press a statement saying among other items they discussed with the President was to try to persuade him to change his mind on this legislation now because it is urgent.

Senator **Clark**. I am happy to hear that. Mayor Tate gave some splendid testimony the other day as a representative of the League of Cities.

Mayor Walsh, I would like to welcome you here.

We regret, I suppose as a result of the reaction in Baltimore to the tragedy of last night, that your colleague, Mayor D'Alesandro, felt it necessary to be there.

Mr. **Gunther**. He had a prepared statement and he asked your permission to file it.

Senator **Clark**. We will be happy to have it printed in the record at this point.

(The prepared statement of D'Alesandro follows:)

PREPARED STATEMENT OF THOMAS J. D'ALESANDRO III, MAYOR, BALTIMORE, MD.

Distinguished Members of the Senate, ladies and gentlemen, I am pleased to work with Mayor Walsh on the Conference of Mayor's Committee on Human Resources Development, because in Baltimore we regard the questions of employment and education as vital to the future of the cities.

I am happy to add my personal endorsement to the recommendations of the committee as presented to you by Mayor Walsh. As you know, this recommendation was adopted by the Executive Committee of the U.S. Conference of Mayors in January.

Just 3 days ago I had the privilege of addressing a labor group here in Washington on the crisis in our cities. Throughout the question and answer period following my address, I was struck by the recurrence of two themes: jobs and education. These two subjects are finally getting the kind of attention from organizations, individuals, and legislators that they deserve.

In my speech, I discussed the steps we have taken in Baltimore in the area of employment and job training. I discussed in detail the moves we have made to cure this urban sickness, which is at the heart of many of the other social and economic ills that plague our city and American society. I pointed out that we have recruited business into a partnership with the city to provide jobs and job training for the chronically unemployed. I mentioned our job bank program that aims at placing 1,000 able-bodied workers from the poverty ghettos into jobs by June 1 and 5,000 by June 1 of next year. I mentioned the full-time staff assistant I appointed shortly after taking office to work exclusively in the area of jobs and manpower development. I mentioned the cooperative effort being made by the city of Baltimore and the National Alliance of Businessmen in attracting hard-core unemployed workers into jobs and job training programs.

In addition to this, I made a plea for some innovations, which lend themselves directly to the legislation you are considering today.

We are met by many frustrations in the city of Baltimore, but none are more demoralizing than the twin frustrations of finding an answer to the chronic problem of young men between the ages of 16 and 18 who have dropped out of school, who have no work and who are potential threats to law and order, and the frustration of jobs left undone.

Cleanup campaigns bog down because of insufficient manpower. If we could call upon a large manpower pool, I know we could begin to make repairs to vacant houses, demolish substandard structures and clean up the ghettos and keep them clean.

I believe something dramatic must be done.

I would like to see some of the following recommendations implemented:

> Raise the age for compulsory attendance in school from 16 to 18. If this proves unworkable, let us investigate the possibility of enlisting these youths for 2 years of intensive vocational training. The standard truance laws might be extended to this group to put teeth in such a measure.
>
> Let Government provide jobs for those who cannot find work.
>
> Consolidate existing programs aimed at inner city improvements into an Urban Conservation Corps, which would not only provide jobs but upward mobility for these young men.

I'm aware that this is not a new idea, and that it may be considered as duplicating some existing programs. But, if we are going to solve this problem, we need to broaden programs such as the Job Corps and the Neighborhood Youth Corps, and make them relevant to the ghetto. We also need to do some further thinking about the way we can bring about change in attitudes—this might mean some kind of provision for enlistments.

As I outlined my idea of an Urban Conservation Corps, I saw it as a new way to provide training and jobs, as well as attacking the problems of the ghetto directly.

The corps might be organized around a cadre of professionals, including ex-servicemen especially NCO's, who are conversant with the problems these youths face and who can provide the leadership and authority symbols they need in their lives.

There ought to be 2-year enlistments; basic training which employs the best of the Army's nonmilitary physical, educational, and vocational training; uniforms and rank, and a disciplinary system based upon infusing an esprit de corps rather than punishment for violating rules.

These are among the things I've been thinking about, and I hope you might consider.

There is no need of my repeating Mayor Walsh's statistics and the findings of the urban coalition on job possibilities in public service. The findings and statistics are well borne out in my city of Baltimore. By an all-out attack on chronic unemployment we could wipe out the problem of the enormous numbers of able-bodied men who could be added to our work force, as this legislation is designed to do.

We call upon you to favorably report this emergency employment measure as rapidly as possible.

Senator **Clark**. Mayor Walsh, you may either read your statement or summarize it as you see fit.

I know you are an expert witness.

STATEMENT OF WILLIAM F. WALSH, MAYOR OF THE CITY OF SYRACUSE, N.Y., REPRESENTING THE U.S. CONFERENCE OF MAYORS

Mr. **Walsh**. I am Mayor Walsh and I am appearing on behalf of the U.S. Conference of Mayors, an organization of some 600 cities with populations greater than 30,000 persons.

As a member of the Conference Committee on Human Resources Development, Senator, I can assure you the mayors conference supports your legislation.

In January of this year the executive committee of the conference of mayors called for a public service employment program to provide for 500,000 public service jobs immediately.

The emergency work and training programs pending before you will go far in reaching that objective.

While the 300,000 participants authorized by the program, on or before June 30, 1969, falls short of our immediate goal, the program is designed to create at least 2.4 million jobs in the public and private service during the next 4 years.

Let me add here, Mr. Chairman, that the conference of mayors takes heart in finding that two significant groups have called for a similar program.

In the exhaustive study released by the President's National Advisory Commission on Civil Disorders this approach among others is recommended as a significant step in dealing with the crisis of the cities.

The Urban Coalition, whose chairman, John W. Gardner, former Secretary of the Department of Health, Education, and Welfare, appeared before you earlier this week, has also endorsed the approach taken by the emergency work and training program.

In developing the position of the conference of mayors on the need for a public service employment program supported by the Federal Government as proposed in this bill, we have been influenced by three major factors:

1. We have recognized the steady and continuing demand for public services from both local government and nonprofit public service institutions.

2. We have also noted the current fiscal inability of local government to expand and support these public services on the scale that is needed.

3. It has been our observation that public works programs, although vitally needed, can no longer generate the types and numbers of jobs that are appropriate to our hard-core and youth unemployment situation.

I would like to make the following points from the latest Manpower Report from the Secretary of Labor:

1. There are still 17 major areas in the continental United States in which unemployment is above 6 percent.

2. There are still more than 650,000 people, one-fifth of the unemployed who have been out of work for 15 weeks or longer.

3. There are still 1.75 million employed who want to work full time but have only part-time work.

4. One out of every eight teenagers who are looking for work—half of them only have part-time work—cannot find it.

5. Negroes still constitute one-fifth of the unemployed and double their share of the labor force. There are 200,000 unemployed Negro teenagers highly concentrated in the poor neighborhoods.

Senator **Clark**. I take it that is 200,000 school dropouts because they could not be in the labor force if they were still in school.

Mayor **Walsh**. That is right.

6. Over 3 million household heads are working full time but still living in poverty.

Senator **Clark**. Are you using the criteria for poverty that was established by OEO of $3,300 for a family of four?

Mayor **Walsh**. That is right.

While these statistics are very important to us, Mr. Chairman, and suggest the gravity of the problem, no better definition of the problem can be found than that presented by you in introducing this bill to the Senate.

I was particularly impressed by your statements indicating that while the unemployed rate has been going down since 1961, the total number of unemployed persons in the United States has gone up.

In fact, it continues to rise at the rate of about 100,000 individuals each year.

Senator **Clark**. The reason for this which might otherwise be puzzling is that the total population of the country is growing so rapidly and while the unemployment rate goes down, the number of unemployed goes up?

Mayor **Walsh**. That is correct.

When this fact is added to the number of the hidden unemployed and underemployed, it suggests an overwhelming case for legislation of this kind.

In looking for effective ways to rapidly expand employment in areas that would be suitable to the needs that exist, the conference of mayors naturally began to examine the possibilities of accelerated public works programs of the types used in the recession of 1959 and 1960.

In consultation with officials of the Department of Commerce, the Economic Development Administration, and the Public Work Committees of the Congress, it became evident that the technology involved in public works construction has vastly changed the capacity of this sector of the public economy to effectively pull into employment the hard-core unemployed workers and chronic youth unemployed groups that are so critical to our current situation.

It has been estimated that it takes about $10,000 in capital under a public works program to produce one job.

The conclusion, therefore, is that while the conference of mayors strongly supports the public works program we do so for their overall benefit to the community rather than as programs of high employment impact.

Senator **Clark**. Did you have some experience in Syracuse, in this area you are speaking about?

How about your public works program there? Do these figures tie in pretty well with your own experience?

Mayor **Walsh**. That is very true, with the sophistication that is developing in the public works area there is not the need for manpower and you just don't get it.

Senator **Clark**. This would not apply in the conservation and recreational fields? In Philadelphia, for instance, we have a large park, Fairmount, where there is an almost indefinite amount of unskilled work that can be done in cleaning up storm damage, opening trails, building bridle paths, and creating recreational facilities.

Do you have anything like that in Syracuse?

Mayor **Walsh**. We have a number of work programs under the Urban Beautification Act. As an administrator of a city of our size, I am convinced you never have enough workers to do the jobs you need.

As an example, there is an editorial in the paper this morning that criticized us because our streets are not clean. It is a little hard to clean them because the snow just left a few days ago and we had the accumulation of several months of winter there, but this is an example.

It would not be the meaningful job experience that some people talk about. We like to term it a worthwhile work experience and we think it would be that.

Senator **Clark**. I agree. I don't think there is a city in the country that is as clean as it could be. Some cities do not have the money to hire the workers and some cannot find the workers.

Mayor **Walsh**. This is a major problem. We can't find the workers we need and, of course, we can't pay them high enough to attract them.

Senator **Clark**. Do you pay a minimum wage?

Mayor **Walsh**. Yes. We are trying to set up 4,000 jobs this summer, Senator, a summer jobs program. This will be in both the public sector and the private sector and we need tremendous help in order to do it.

We have letters that went out this week to all of the business organizations, even the churches in the community, and we are setting a type of quota for these organizations.

We are asking them to provide make-work jobs and we don't have the results yet. We hope we can come up with 4,000 jobs, but we may fall short of that goal, but this type of legislation would help us tremendously.

Senator **Clark**. You have had your own problems up there, I know. I wonder if you have any personal view as to why the threat of disorder and violence seem to be so much greater in the summer than it is in the winter.

Mayor **Walsh**. I think it probably has to do with the frustrations that occur amongst the disadvantaged in the corridors of the cities and probably we get a little more irritated about things on hot nights than we do on cool nights.

Senator **Clark**. It is just as unsophisticated as that.

Mayor **Walsh**. I think so.

Although we have been greatly impressed by the studies of the National Commission on Technology, Automation, and Economic Progress, we know from our experience as mayors that the potential source of new jobs through public service employment has been increasing.

Moreover, we have been acutely conscious that local government payrolls and the payrolls of our private health and welfare agencies have been steadily expanded.

There is little doubt that the greater share of the tax increments that come into the cities' treasuries from the growth of our economy in the next decade will be allocated to support on a permanent basis these expended public services.

The Commission on Automation estimated that there was a current unmet need for 5.3 million public service workers if the funds could be made available.

Our recent experience with the new careers program, with the programs for training welfare recipients, and with some of the education, health, and recreation aids programs being developed by our community action agencies has persuaded us that public service employment subsidies could do the three things we need most, which are:

1. Create jobs immediately on a large scale.
2. Fulfill recognized public needs.
3. Provide attachment to a permanent job with a decent future.

Finally, in concluding our analysis, I perhaps need not reiterate to the committee the financial inequities and difficulties now faced by our cities.

Let me cite for you one figure developed by the Department which summarizes this situation.

In 1930 the cities kept 50 cents of every tax dollar; the States took 17 cents and the Federal Government 33 cents.

Today the cities and counties together keep 15 cents, the States take 18 cents and the Federal Government takes 67 cents.

While we have been encouraged by the expansion of Federal aid to cities in the past decade, we would be remiss if we did not point out that all of the Federal intergovernmental transfers combined have not succeeded in reallocating to the cities anything near the resources that would be needed to create a livable environment with decent jobs and incomes.

That is the Federal impact.

Locally, the cities have reached their bonded indebtedness. The State limitation on other potential revenue sources is severe. Where do we turn, gentlemen, to take care of our cities?

Senator **Clark**. Do you in Syracuse have the problem of a significant influx of untrained and unskilled people from other areas who are looking for jobs?

Mayor **Walsh**. Yes, sir; we do. I was formerly welfare commissioner up there and I am acutely aware this happens. In every meeting we have we recognize the fact that there are a number of people coming into the community who are not trained.

Just a week ago in attempting to build better responsiveness to the need of our citizens up there, I have been touring some of the areas where we have programs going, meeting with leaders of the minority groups at regular meetings at dinners, and so on.

I visited the Neighborhood Job Corps. I was amazed to learn that in that group of about 90, we had seven that could neither read nor write.

Senator CLARK. Are these mostly Negroes who have come up from the South?

Mayor WALSH. In this case, the seven were all Negroes, but we do have in the Neighborhood Job Corps program whites who have no skills.

Senator CLARK. Where do they come from?

Mayor WALSH. I assume they come from the South or they have moved into our locality recently.

Senator CLARK. Have you had a flight from the city of white collar and middle-class people to the suburbs?

Mayor WALSH. I assume they come from the South or they have major city in the country.

The white group is moving out to the suburbs and their places are being taken by members of low-income groups, mostly Negroes.

The difficult part for a city administration is that the people who are leaving the city did not have the same demand for city services as the people coming in.

By this I mean, Senator, that there is a greater demand for health services, welfare services, police, fire, all of the services that we provide must be provided to a far greater degree now than was necessary when we had a higher middle-class income group living in our community.

Senator CLARK. At the same time your tax base is decreasing?

Mayor WALSH. It is. All of the cities are pretty much in the same financial bind.

Fortunately in New York State, although we have an aid program which is never enough, we have a State aid program which does provide some assistance for us.

Locally in our budget of $56 million, about 27 percent of it is State aid. I might add, sir, that this is the operating budget and includes the school budget and there is not a penny of Federal money in the operating budget.

Senator CLARK. Yet.

Mayor WALSH. Very good, sir.

I will continue with the statement, Senator.

I should say that we have been greatly encouraged by the administration's endorsement of larger training allowances and allowances of supportive services under the regular OJT program.

We strongly endorse the administration's request for additional funds to expand the involvement of private enterprise in the job development process. We commend Mr. Henry Ford and the National Alliance of Businessmen for their efforts to promote and expand in private enterprise Federal-city job development efforts.

Parenthetically, we are hopeful that this program can be expanded beyond the 50 largest cities into every major industrial center in this Nation.

While these programs are significant, gentlemen, the simple fact is that they cannot meet the need previously outlined.

Senator CLARK. What has been your experience with on-the-job training?

Have you found good cooperation from your industries in the programs that are going on and have you had some success?

Mayor **Walsh**. We have excellent cooperation with the industries. One of our major problems has been recruiting people to take the on-the-job training.

I think you are familiar, sir, with the difficulties we have had with our poverty program in Syracuse. We had relied heavily on the recruitment process of the poverty program and it just did not come through.

In conclusion, we can think of no more important first step in closing the job gap and dealing with the urban crisis than a Federal commitment to finance the training and initial employment of the hard-core unemployed as proposed in this bill.

It would be our hope that this step will result in the development of a long-range program through a partnership of local, State, and Federal Government, together with the private, nonprofit public service agencies that will result in permanent dignified employment for the young people and the hard-core unemployed.

This Federal investment which will be shared in by local government as it creates channels for workers from the emergency programs into its regular public service employment will contribute to our steady economic growth, to the stability of our cities, and to the well-being of the Nation.

I would like to thank you, Mr. Chairman, for this opportunity to present our position to you today, and I might add as a personal note no more fitting memorial could be created for Dr. Martin Luther King than to have this bill passed which I appear here today to support.

Senator **Clark**. Thank you very much, Mr. Walsh.

Mr. **Patricelli**. We do expect Senator Javits shortly, but in the meantime could you comment on the summertime job situation in Syracuse and also the action of the Senate-House Conference Committee in turning down $75 million of supplemental funds for the summer job program?

Mayor **Walsh**. We are concerned about the summer jobs situation.

One of the causes for the disturbances we are having in our cities is because some of these youngsters just do not have anything to do.

I have just spent 2 days in Albany with the mayors of larger cities in New York State and the law officers. There were mayors from both parties there and we developed a strong statement in support of the programs that the Governor had developed and had been cut out by the legislature.

We are hopeful that we will be able to get these through, programs similar to what the Senator is doing at the Federal level.

We are very concerned. We need jobs. We need to keep people busy. I used to hear a statement in school from the good nuns where I went that idle hands are the devil's workshop and I know of no better way to solve the problem than this way.

If we can keep them active, give them an active work program, tire them out, we can do something.

I am alarmed by the cut in funds. We cannot without assistance from this level and every government level do the job.

Mr. **Patricelli**. You are a professional in the field of social welfare. Would you care to comment on the action taken by the Congress last year in establishing a compulsory work program for certain welfare recipients?

Do you think that is the proper approach to reducing welfare rolls?

Mayor **Walsh**. I am sorry you call me an expert in this field. I have been mayor for 7 years. I had the secure feeling when I was welfare commissioner but being mayor I don't have that secure feeling.

As a mayor I know a lot of things about a lot of things but I am not an expert in anything anymore.

You get a lot of mixed feelings about welfare as you move around the city and the country. I was shocked the other day when I was down at this Job Corps area and I still have not come up with the answer yet, one of the girls who is down there training, a young 18-year-old illegitimate mother with two children and very, very distraught about her situation and very concerned that she have some kind of a job hopefully and she would not accept anything like the minimum wage. She was very emphatic about that. She asked the question, what is wrong with welfare? It is a little hard to answer a person who has known nothing but welfare all her life.

Apparently, I found out afterwards this was the case with her. So this is the problem that we are faced with.

I think the previous speaker mentioned motivation. I don't know that we can motivate people, but I do think that we can create conditions that will help them motivate themselves and I think this is what we try to do in many of the programs in welfare.

I think any program that orders people to take training of any kind in a welfare situation should be examined closely to make certain that it is applied properly.

I don't think just everyone on welfare should be forced to take training nor should they.

I am thinking of a mother with several children whose best place is probably in the home taking care of the children. I think the decision should rest with her as to whether she takes training.

Senator **Javits**. We will reconvene the hearing so that the Senator from New York may have an opportunity to put some questions to the witness.

First, this is with the permission of the chairman, Senator Clark.

Mayor Walsh, may I first express my pleasure at your being here to testify and the very distinguished honor you have been accorded in being chosen to testify on behalf of the U.S. Conference of Mayors.

I have browsed through your testimony and I know its general import. It is mainly directed to the manpower bill which has been introduced by a large number of Senators with Senators Prouty and myself as the principal sponsors, S. 3249.

That bill offers certain approaches which we felt were not raised specifically in Senator Clark's bill. While we have great respect for Senator Clark's bill, we hope the final product will have a greater effect.

You will notice the order of magnitude in our bill is something like 300,000 jobs immediately. Is that order of magnitude appreciable enough in your judgment to make the major impact which your testimony calls for?

I know it is not optimum. It is not optimum for us, either.

Is it appreciable enough?

Mayor **Walsh**. The conference had originally requested 500,000 jobs. Certainly 300,000 would make a solid impact on the need but it would still fall short of what we are hoping for, but we recognize the fact, Senator, that you never get all that you want.

Senator JAVITS. Under our bill, a rule is provided for the States if they can qualify through meeting the criteria set by the Secretary of Labor. Forty percent of the money provided under the bill could go through the States and in turn be used either for State programs or for redistribution to lower levels of government.

I know you are a mayor and this is the Conference of Mayors, but if we could get some guidance as to the views of the mayors upon this matter, bearing in mind both the pressures which we have from the States to administer these programs totally through them and the feelings of many mayors that they wish to do business directly with the U.S. Government, it would be most helpful. We have tried to work out a compromise, some rule of thumb, by providing 60 percent of the fund distribution directly from the Government of the United States to local governments and private groups.

Would you give us your view on that?

Mayor WALSH. On this matter I can only speak for myself since the Conference of Mayors has not taken a position on this bill, but from my experience as a member of the Vice President's Commission on Intergovernmental Relations and knowing the vast difference in the 50 State organizations and the discrepancies in the way they relate to local government I would say that you get a vast difference of opinion from the mayors around the country as to how they would want this handled.

Speaking personally, and as a mayor of a city in New York State, I have no qualms whatsoever about having a program go through our State government.

We have excellent relations with State government. I think they have a degree of sophistication which in many cases is far beyond that of what we see in some of the people in the Federal Government and in some of the agencies.

I have no hesitancy whatsoever in saying that I would support a program where some of the funds went to the State.

Senator JAVITS. Assuming that is so, do you nonetheless feel the criteria should be strict so that the Federal Government, one, could be sure the State funds will be used effectively in accordance with the policy of the Federal statute and, second, if they are not used satisfactorily or in accordance with the criteria that the relationship between the State and Federal Government may be canceled and the money used directly?

Mayor WALSH. I think there would be need for very strong standards that would regulate the use of the money at the State level. I would certainly advise it because I know again from my experience with the Commission on Intergovernmental Relations that there would be a vastly different approach in many of the States and I would hesitate to just give them the money unless there were strict controls on it.

Senator JAVITS. The other innovative aspect of our bill relates to the organization, by the people whom the bill is designed to help, of local service companies and with the provision it technical assistance for such companies with the idea of encouraging entrepreneurship by the poor and hard-core unemployed.

We draw that provision of our bill in part from the experience in the Bedford-Stuyvesant section of Brooklyn where, following a massive community cleanup by individuals, they organized companies to go into the lines of business in which they were engaged in the cleanup—painting, decorating, repairing, carpentry, and the like.

Have you had any experience with that, Mayor Walsh, and can you give us any help on that aspect of our bill?

Mayor Walsh. From my experience with the poverty program, Senator, I am not dedicated to the concept that there must be meaningful participation of the people that you are trying to help.

I think that programs can best be run by people who are used to assuming responsibility, who are used to making decisions and who are used to acting on the basis of well-thought-out decisions.

So, I would always have some hesitancy and I did in the poverty program, of letting the disadvantaged, for instance, run the program without strong guidance and direction from the Government.

If this could be done, I think with the direction of the Government—and I think this is needed because it is only at this level and in this way that you are going to get people who have experience and have the expertise in running these programs and are used to making the hard and tough judgments that are necessary.

So, I would support it provided it did have this type of builtin safeguard.

Senator Javits. Mr. Mayor, I think we have not pinpointed precisely for you what we have in mind.

What the bill calls for is a preference where there are brought into existence such privately owned service companies if those service companies have some ownership among the poor themselves or the hard-core unemployed themselves.

It does not mean it has to be exclusively owned by the poor nor does it mean it has to be managed by the poor or hard-core unemployed.

The bill provides for technical services to be given through development companies in order to stimulate such service companies. The idea is to encourage entrepreneurship in this field and to encourage people to go into business for themselves.

I feel I must emphasize the word "encourage."

There is no mandate that that is the only way it should be done and that was the basis upon which I gave that.

Mayor Walsh. This is similar to what we are attempting to do in the field of housing. We have the Syracuse Housing Development Corp. which has been drawn up and it does provide for participation from those who are going to be helped.

I think it is good as long as they don't overwhelm the organization. They will contribute a great deal to the direction and I am sure it will be a give and take proposition.

I thing this would be well as long as it is not completely managed by those whom you are trying to help.

Senator Javits. Would you say in ghetto areas that entrepreneurship represents a good factor in morale and for dealing with the general economic depression which generally surround such a community?

Mayor Walsh. I think there is no doubt about the effect it would have upon those living in those areas. If they would see businesses being developed by people of their own nationality and race, I think it would have a very helpful effect.

There is no reason why it could not be done. Many of the services we need so desperately now we cannot get. A window washing company could be set up and various types of services of that nature could be set set up that would give well-paying jobs to people.

There is no reason why they couldn't be run and managed by the poor with proper advice from people who have some expertise in that.

Senator JAVITS. I am certainly gratified to get that from you because that is what we have in mind.

Another innovative aspect of the bill is in relation to what we call an economic community corporation; that is an effort to bring the business community effectively into this area, in addition to what is being done by the Urban Coalition and the National Alliance of Bussmen, headed by Henry Ford, through a national corporation, nonprofit, which would give technical assistance and advice and actually go out and solicit a helping hand from American business.

If it could develop the necessary capital and even provide some seed money, it would be institutionalizing on a corporate basis the part of American business in the effort.

Would you think well of that idea?

Mayor WALSH. Yes; again, it is similar to the same housing program that I talked about where they are going out in business raising the seed money to provide this and I think it is a very hopeful sign.

I think if any sign of hope has come out of disorders and the disturbances that we have had in the last couple of years, it is finally the recognition by business and industry and the power structure that they are their brother's keeper and I think this is the one hopeful sign that is coming out.

Many of them do recognize that they have a responsibility to those who are less privileged than themselves.

Senator JAVITS. We speak on a very somber morning after the murder of Dr. Martin Luther King, Jr. I think our situation is quite sensitive and hanging in the balance and this is a uniquely important morning in his memory to speak of constructive efforts of building and reconciliation of the type we are speaking of, and I am sure you agree with me, Mr. Mayor.

Lastly, in our bill we give a choice of either tax credits as an inducement to employ the hard-core unemployed or compensation out of the on-the-job training program of the difference between the employee's actual earnings and his economic value to the employer.

We give that option to business to take either course.

Does the Conference of Mayors have any policy on that question, Mr. Mayor?

Mayor WALSH. I would have to ask Mr. Gunther to speak to that.

Mr. GUNTHER. Yes, Senator.

In January of this year and maybe before, but I know that in January we repeated it. We did endorse a whole series of incentives, many of which are in here including those to get the private sector in.

We have taken the position with the private sector in talking with them about it "You tell us what you need."

The mayors keep saying that to the corporation executives. "Don't ask us how to do it. You are the geniuses in this country. You won World War II, now win this one for us. We will help you in the Congress, in the city and State legislatures."

They have said what they want and we have been supporting them.

Senator **Javits**. Do you think the conference would think well of the idea of making it optional for individual employers so that they could take either route, either the tax benefit route or the route of actually being paid through the manpower program?

Mr. **Gunther**. From our discussions with the business community, I think you would find that would be more acceptable to them to have the option.

Probably some of them would object to the grants and they would find less objection in the corporate boards to the tax-incentive system.

Senator **Javits**. And others might take a different view.

Mayor **Walsh**. Yes, there are all kinds of ways.

Senator **Javits**. Thank you very much, Mr. Mayor, and thank you, Mr. Gunther, for your patience in allowing us to get in some additional questions on this specific point.

The hearing will now stand adjourned, subject to the call of the Chair.

(Whereupon, at 11:55 a.m., the subcommittee hearing was adjourned, subject to call.)

EMPLOYMENT AND TRAINING LEGISLATION—1968

TUESDAY, APRIL 30, 1968

U.S. Senate
Subcommittee on Employment, Manpower, and Poverty,
of the Committee on Labor and Public Welfare,
Washington, D.C.

The subcommittee met at 10 a.m., pursuant to recess, in room 1202, New Senate Office Building, Senator Joseph S. Clark (chairman of the subcommittee) presiding.

Present: Senators Clark (presiding), Randolph, Pell, Javits, Prouty, and Murphy, members of the subcommittee; Yarborough, and Williams of New Jersey, members of the full committee.

Committee staff present: Stewart E. McClure, chief clerk; William C. Smith, counsel to the subcommittee; Michael W. Kirst, professional staff member; Eugene Mittelman, minority counsel; Robert E. Patricelli, minority counsel to the subcommittee; and Peter C. Benedict, minority labor counsel.

Senator **Clark**. The subcommittee will be in session.

I have a very brief opening statement. We continue our hearings today on the Emergency Employment and Training Act of 1968 and National Manpower Act of 1968 which is Senator Javits' and Senator Prouty's substitute for the Emergency Act.

Today is a special occasion. We have as our witnesses Rev. Ralph Abernathy and the leadership of the Poor People's Campaign which began its activities here in Washington yesterday.

I would like to welcome you, Reverend Abernathy, as representing and perpetuating the ideals of social, economic, and political democracy for which the Reverend Martin Luther King, Jr., lived and died.

I welcome also your colleagues. I suggest that at this point you introduce them to the members of the subcommittee.

STATEMENT OF REV. DR. RALPH DAVID ABERNATHY, PRESIDENT, SOUTHERN CHRISTIAN LEADERSHIP CONFERENCE

Reverend **Abernathy**. Thank you very kindly, Senator Clark, and members of this distinguished committee.

I would like to introduce my associates. To my left is the Reverend Andrew Young who is the executive vice president of the Southern Christian Leadership Conference.

Then the Reverend Bernard Scott Lee, who is my special assistant.

Mrs. Lares Tresjan, from the State of New York, representing the Puerto Rican community.

To my immediate right, Mrs. Alberta Scott, of Baltimore, Md.

Mrs. Martha Grass, representing the American Indians.

Mr. Victor Charlo, representing American Indians, also.

Mrs. Phyllis Robinson, from the Welfare Rights Movement.

Senator CLARK. Thank you very much, Dr. Abernathy. I would like to welcome all of you ladies and gentlemen here today. We are happy, indeed, to have the opportunity to hear your testimony.

I want also to say, as one Senator and the chairman of this subcommittee which concerns itself primarily with the problems of poverty, manpower, employment, and related problems, which are very critical today in our country, that we are very happy to welcome representatives of the poor people to Washington.

The goals which you are seeking from your representatives in this country are goals which should be sought by every American citizen namely, equal opportunity for all Americans, jobs for more than 4½ million Americans who today are unemployed, better jobs that pay a living wage for the more than 8 million Americans who work but do not make a decent living wage, better education, adequate housing, and more food so that those 12½ million Americans who go to bed hungry will be able to have the three square meals a day which most of their fellow Americans take for granted.

While, Reverend Abernathy, we want you to feel free to discuss any subjects that you believe are relevant to your march here on Washington, I will direct your particular attention to four pieces of legislation over which the subcommittee has jurisdiction.

The first is the Emergency Employment Act of 1968 which would create in a 4-year period 2,400,000 jobs for the hard-core unemployed, one-half of them in the private sector of the economy, the other half in the public sector.

Then there is an area which is central but not entirely peripheral to your interest and this is the Juvenile Delinquency Amendment of 1968 which the subcommittee reported unanimously to the full committee.

Also the equal employment opportunity legislation which was passed out of the full labor committee and sent to the floor last week.

That will be a very controversial bill when it reaches the floor. There is a good deal of opposition to it. We would like to know your views as to whether this legislation is necessary or desirable.

Finally, the amendment to the Manpower Development and Training Act by which we would hope to train personnel for the jobs we believe are available.

Senator Prouty.

Senator PROUTY. Mr. Abernathy, it is a pleasure to have you appear before our subcommittee this morning. I think you are aware that I supported programs for proposed legislation to eliminate hardships caused by poverty long before the so-called war on poverty was officially launched in 1964.

Needless to say, here in 1968, I am not satisfied with our progress, although I am convinced that progress has been made. We hope to step it up in the future.

I am very glad to see you and your associates this morning, and I will listen to your statement with interest.

Senator CLARK. Senator Javits.

Senator JAVITS. Reverend Abernathy and associates, it is the right of Americans to be heard by Congress and seek redress for their grievances.

It is a constitutional right. And I think it is significant this morning that, notwithstanding the newspaper advertising, the group arrived thoroughly representative and on time.

I think that is a very significant point as to how it is going to be run from this point on.

Mr. Chairman, I would like to add to the list of measures which the Chair has mentioned, to which we must address ourselves, the entire antipoverty program. There is nothing sacrosanct about that. We have complete legislative jurisdiction over it and I, for one Senator, will be very much interested to hear what the people whom the legislation is supposed to assist think about it, what they think ought to be done about it and whether they think the whole approach is right or they think it is wrong or some other approach should be substituted, and if so, what it is.

Finally, I would wish to add to the list S. 3249, the manpower bill which the Chair was gracious enough to refer to in his introduction, which has been introduced by Senator Prouty and myself and a considerable number of other Senators and Members of Congress.

I wish to assure you, Reverend, that we will give you undivided attention. We are very interested to hear what are the grievances and how those who are directly affected feel they should be dealt with.

It is the dignity which I know that you hunger for more than anything else and we will do our utmost to contribute.

Thank you.

Senator Clark. Dr. Abernathy, you will proceed if you will, in your own way.

Doctor, reading through your statement you have rather pungent and constructive references to housing legislation and its need.

As you know, this subcommittee has no jurisdiction over that subcommittee but we do have a housing bill on the floor which we are interested in.

Senator Javits and I and perhaps Senator Prouty, at one point spent a good deal of time before the Subcommittee on Housing of the Banking and Currency Committee so we are interested in that subject, too, although we don't have jurisdiction over it.

I think what I will do if it is in agreement with you, Dr. Abernathy, is to have your entire statement printed in full in the record at this point.

You can either read it or depart from it as you see fit, and you won't feel you have to follow every word.

(The prepared statement of Reverend Abernathy follows:)

Prepared Statement of Rev. Dr. Ralph David Abernathy, President, Southern Christian Leadership Conference

Mr. Chairman and members of this Committee, we appreciate the opportunity to come before you today. We come to you as representatives of Black, Indian, Mexican-American, Puerto Rican and White-Americans who are the too-long forgotten hungry and jobless outcasts in this land of plenty.

We come because poor fathers and mothers want a house to live in that will protect their children against the bitter winter cold, the searing heat of summer and the rain that now too often comes in through the cracks in our roofs and walls. We have come here to say that we don't think it's too much to ask for a decent place to live in at reasonable prices in a country with a Gross National Product of 800 billion dollars. We don't think it's too radical to want to help choose the type of housing and the location. We don't think it's asking for pie

in the sky to want to live in neighborhoods where our families can live and grow up with dignity, surrounded by the kind of facilities and services that other Americans take for granted. And we want to play a productive part in building those houses and facilities, and in helping to provide some of those services.

It is a cruel fact that too few of our fellow Americans know or care that existing housing programs for poor people are totally inadequate. But then maybe too few of them have seen with their own eyes the reservations, the migrant camps, the shacks and lean-tos in rural Mississippi and Alabama, the teeming ghettos and barrios of the North and West where we and our children are literally perishing. Can it really be believed that we really don't care that our children are bitten by rats, that we are packed into barren cubbyholes, plagued by roaches, our health threatened by roaches and garbage? Surely it must be understood that we must not, we cannot, we will not continue this way.

We call upon the Congress to pass legislation that will provide for the thousands of new units of low income housing so desperately needed this year, and for the thousands more that must be added in the next three or four years if all of our people are to be housed like human beings. We ask that Congress give the solid support and all the necessary funds to make the rent supplement program the stabilizing force it can be; we ask that Model City programs be expanded from nighborhoods to communities and that programs be passed which will give poor people a chance to be home-owners rather than slum-renters.

We have heard that when zoos are planned, great care is taken to make sure that an environment is created where animals can be happy and feel at home. Are the poor citizens of this land entitled to any less consideration by their government?

The unemployment rates in our rural and urban ghettos are of alarming proportions. This Committee knows better than anyone that, despite America's widely publicized affluence, hundreds of thousands of Americans daily drag out their lives in depths of an economic Depression as crippling as this country has ever known.

There are those who like to salve their consciences and confirm their prejudices by saying that most of the poor really don't want to work, that poor people really prefer the shabby and insulting handouts which represent Welfare in too many cities and counties in this country. We are here to tell you that this is not true. We are here because we want to work. But we are tired of being told that there are no jobs for which we are qualified. We want training programs. But we are tired of training programs that either screen us out by discrimination or meaningless tests, which ask our families to suffer from inadequate support while we are in training. But the most bitter mockery of all is to find that either there is no job at all waiting at the end, or that we are once again condemned to exchange our manhood for dead-end jobs which pay a boy's wages.

Existing programs for creating jobs simply are not working. The Concentrated Employment Program which the Labor Department predicted would produce 150,000 jobs by January 1968 produced only 8,000 jobs. Why? What went wrong? Can it be that we are still trying the same old approaches and the same people to try to solve the problems of the poor? We cannot answer these questions. We can only say that we need those thousands of still uncreated jobs. We need them badly. We need them now. We need to have money in our pockets, to be able to hold our heads up and make our families proud of us. We need a minimum of one million jobs in the public and private sector this year and another million jobs over the next four years. If we are serious about wanting to provide economic opportunities for the poor, then we must see to it that the welfare trap is sprung for the able-bodied, so that they can get out of poverty and stay out.

At the same time we must provide for, not punish through restrictive rules and pitiful allowances, those mothers who may choose to stay at home and raise their children as other mothers do. We must insure support at a civilized level for those who are too young, too old, or who are physically or mentally disabled. We need an immediate income maintenance program. At a bare minimum this Congress should set a fair Federal standard of need for welfare payments. And we must, in the name of God, repeal the forced work program for mothers and the freeze on AFDC mothers contained in the Social Security Act of 1967.

We have heard all our lives that there are no gains without pains. And all our lives we have had to endure the pains without gains. Is it too much to ask that this time if taxes are raised and expenditures cut, it not be done at the expense of the poor? While we regard the Clark bill now pending before Congress as only a beginning, we want it to pass. But why do those who ask, "Where will the money come from?" look always to the programs that will help those who already have least? We ask those who would wield the meat ax on appropriations to think a while this time before they wield it against the black and brown and white Americans whose children too often go to sleep without having had either meat or bread. Must we support a multi-billion dollar space program, a massive defense budget, millions for supersonic pleasure planes, tax advantages to the richest and most powerful corporations in the world—can we do all these things, and yet not provide a job that pays a living wage, a recent house, the food to make a child healthy and strong?

Pending in this Subcommittee is a bill to protect farm workers through collective bargaining. We urge its immediate enaction with maximum safeguards for the workers.

Members of this subcommittee have held poverty hearings all over the country.

You went to Mississippi. You went to Appalachia. You heard about what hunger does and you saw some of its scars with your own eyes. And then you came back to Washington.

We have come here to see you today to tell you that the people you heard, the children you saw, are still where you left them—and they are still hungry.

There are programs to be sure. But a food stamp program doesn't feed people who don't have the money or the jobs to help them buy stamps—however low you cut the costs.

The food stamps do not even offer a bitter pill to swallow for the poor people who live in some 256 of the neediest counties of this country that are without any food program at all. We do not understand how this can be tolerated in a land as rich as ours.

The Citizens' Board of Inquiry into Hunger and Malnutrition in the United States has documented the extent of extreme hunger in this country. Many federal officials, including the officials of the Department of Agriculture, do not deny the accuracy of this report.

In the face of this overwhelming evidence, we do not understand why the Department of Agriculture hesitates. We do not understand how the Department of Agriculture could turn back to the Treasury $220 million that could be used to feed the hungry merely by declaring what everyone admits is true—that a serious emergency exists in these counties.

We do not understand why the Surgeon General has not yet begun to study the extent of hunger and malnutrition in this country as directed by this committee many months ago.

Does this country care so little for us? And if we count for so little, how can our country expect us to continue to care for it when it is so unmindful of our most basic needs to survive?

We ask your assistance.

We request that this Committee obtain information from the Department of Agriculture on the steps it has taken to alleviate conditions of hunger and malnutrition within the last twelve months. We request that you ask the Department of Agriculture what action it will take in the immediate future to bring food to the neediest counties and the neediest people of this nation.

We ask that this Committee give serious and prompt consideration to the recommendations of the Citizens' Board of Inquiry into Hunger and Malnutrition in the United States:

A declaration that a national emergency exists;

An emergency food program in the 256 hunger counties;

Access to food programs on the basis of need, not on the basis of place of residence;

Proposal of a free Food Stamp Program keyed to income, dependents and medical expenses;

Special recognition of the dietary needs of children, pregnant women, the aged and the sick; and

School lunch programs that are available to every child.

If you can do these things, you will have made a small start. The poor and the hungry of this nation cannot understand how you can do less.

We do not believe that it should be too hard to know where the choice of a wise and just Government must lie.

Reverend Abernathy. Thank you very kindly, Mr. Chairman and Senator Clark and Senator Prouty and Senator Javits for your kind words of introduction and for the fine reception that you have given us.

I especially would like to express my profound thanks and appreciation on behalf of my colleagues, the Southern Christian Leadership Conference, and the Poor People's Campaign, for permitting us to come this morning to address our grievances to you.

As citizens of this great country we feel and we do know that we have the constitutional right to peacefully petition our Government and to seek redress for the grievances which we face.

I want to thank you so very, very much.

I would like to express thanks to Senator Javits, a friend of many years, for setting the record straight. I appreciate that so very much, Senator, because we do expect to be orderly at all times and keep our schedules as much as it is humanly possible.

As you know, I come from the southern section of the United States and so often we have committees stacked when we face our State legislatures and so forth.

I get the impression this morning as I look into your faces and I remember your stand and your record, that this committee is stacked also; however, this time in our favor.

Thank you from the depths of our hearts.

I would like to read this statement and with your permission, Mr. Chairman, I would like to make some further comments and I hope that time will permit my associates to comment also.

Mr. Chairman and members of this committee, we appreciate the opportunity to come before you today. We come to you as representatives of black, Indian, Mexican-American, Puerto Rican, and white Americans who are the too-long-forgotten hungry and jobless outcasts in this land of plenty.

We come because poor fathers and mothers want a house to live in that will protect their children against the bitter winter cold, the searing heat of summer and the rain that now too often comes in through the cracks in our roofs and walls.

We have come here to say that we don't think it is too much to ask for a decent place to live in at reasonable prices in a country with a gross national product of $800 billion.

We don't think it is too radical to want to help choose the type of housing and the location.

We don't think it is asking for pie in the sky to want to live in neighborhoods where our families can live and grow up with dignity, surrounded by the kind of facilities and services that other Americans take for granted.

And we want to play a productive part in building those houses and facilities, and in helping to provide some of those services.

It is a cruel fact that too few of our fellow Americans know or care that existing housing programs for poor people are totally inadequate.

But then maybe too few of them have seen with their own eyes the reservations, the migrant camps, the shacks and lean-tos in rural Mississippi and Alabama, the teeming ghettos and barrios of the North and West where we and our children are literally perishing.

Can it really be believed that we really don't care that our children are bitten by rats, that we are packed into barren cubbyholes, plagued by roaches, our health threatened by roaches and garbage?

Surely it must be understood that we must not, we cannot, we will not continue this way.

We call upon the Congress to pass legislation that will provide for the thousands of new units of low-income housing so desperately needed this year, and for the thousands more that must be added in the next 3 or 4 years if all of our people are to be housed like human beings.

We ask that Congress give the solid support and all the necessary funds to make the rent supplement program the stabilizing force it can be; we ask that model city programs be expanded from neighborhoods to communities and that programs be passed which will give poor people a chance to be homeowners rather than slum renters.

We have heard that when zoos are planned great care is taken to make sure that an environment is created where animals can be happy and feel at home.

Are the poor citizens of this land entitled to any less consideration by their Government?

The unemployment rates in our rural and urban ghettos are of alarming proportions. This committee knows better than anyone that, despite America's widely publicized affluence, hundreds of thousands of Americans daily drag out their lives in depths of an economic depression as crippling as this country has ever known.

There are those who like to salve their consciences and confirm their prejudices by saying that most of the poor really don't want to work, that poor people really prefer the shabby and insulting handouts which represent welfare in too many cities and counties in this country.

We are here to tell you that this is not true. We are here because we want to work. But we are tired of being told that there are no jobs for which we are qualified.

We want training programs. But we are tired of training programs that either screen us out by discrimination or meaningless tests, which ask for families to suffer from inadequate support while we are in training.

But the most bitter mockery of all is to find that either there is no job at all waiting at the end, or that we are once again condemned to exchange our manhood for dead-end jobs which pay a boy's wages.

Existing programs for creating jobs simply are not working. The concentrated employment program which the Labor Department predicted would produce 150,000 jobs by January 1968 produced only 8,000 jobs.

Why? What went wrong? Can it be that we are still trying the same old approaches and the same people to try to solve the problems of the poor?

We cannot answer these questions.

We can only say that we need those thousands of still uncreated jobs. We need them badly. We need them now. We need to have money in our pockets, to be able to hold our heads up and make our families proud of us.

We need a minimum of 1 million jobs in the public and private sector this year and another 2 million jobs over the next 4 years.

If we are serious about wanting to provide economic opportunities for the poor, then we must see to it that the welfare trap is sprung for the able bodied, so that they can get out of poverty and stay out.

At the same time we must provide for, not punish through restrictive rules and pitiful allowances, those mothers who may choose to stay at home and raise their children as other mothers do.

We must insure support at a civilized level for those who are too young, too old, or who are physically or mentally disabled.

For them we need an immediate income-maintenance program. At a bare minimum this Congress should set a fair Federal standard of need for welfare payments.

And we must, in the name of God, repeal the forced-work program for mothers and the freeze on AFDC mothers contained in the Social Security Act of 1967.

We have heard all our lives that there are no gains without pains. And all our lives we have had to endure the pains without gains.

Is it too much to ask that this time if taxes are raised and expenditures cut, it not be done at the expense of the poor?

While we regard the Clark bill now pending before Congress as only a beginning, we want it to pass.

Senator CLARK. Thank you, Dr. Abernathy. I appreciate your support.

Reverend ABERNATHY. But why do those who ask, "Where will the money come from?" look always to the programs that will help those who already have least?

We ask those who would wield the meat ax on appropriations to think a while this time before they wield it against the black and brown and white Americans whose children too often go to sleep without having had either meat or bread.

Must we support a multibillion-dollar space program, a massive defense budget, millions for supersonic pleasure planes, tax advantages to the richest and most powerful corporations in the world—can we do all these things, and yet not provide a job that pays a living wage, a decent house, the food to make a child healthy and strong?

Pending in this subcommittee is a bill to protect farmworkers through collective bargaining. We urge its immediate enaction with maximum safeguards for the workers.

Members of this subcommittee have held poverty hearings all over the country.

Senator CLARK. Doctor, let me interrupt to say that the farmworkers' bill is not pending before this subcommittee. It is before another subcommittee of the full Labor and Public Welfare Committee.

I will see to it that your testimony in this regard is put in the record of the hearings when the farmworkers' bill comes to be marked up by the full committee.

Reverend ABERNATHY. Thank you very kindly, Mr. Chairman. Please forgive my inaccuracy at this point. You understand I am a minister and a civil rights worker and not a legislator.

Senator CLARK. It is quite unimportant, Dr. Abernathy. You should say here everything that you think we ought to be doing here in Congress.

The bill, I am advised by my colleagues, is presently before the full committee for marking up and we will see to it that your testimony is called to the attention of the entire committee.

Reverend ABERNATHY. Thank you so very kindly, Mr. Chairman. If I am incorrect again I hope you will see that this gets into the proper hands.

You went to Mississippi. You went to Appalachia. You heard about what hunger does and you saw some of its scars with your own eyes. And then you came back to Washington.

We have come here to see you today to tell you that the people you heard, the children you saw, are still where you left them—and they are still hungry.

There are programs to be sure. But a food stamp program doesn't feed people who don't have the money or the jobs to help them buy stamps—however low you cut the costs.

The food stamps do not even offer a bitter pill to swallow for the poor people who live in some 256 of the neediest counties of this country that are without any food program at all. We do not understand how this can be tolerated in a land as rich as ours.

The Citizens' Board of Inquiry Into Hunger and Malnutrition in the United States has documented the extent of extreme hunger in this country.

Many Federal officials, including the officials of the Department of Agriculture, do not deny the accuracy of this report.

In the face of this overwhelming evidence, we do not understand why the Department of Agriculture hesitates.

We do not understand how the Department of Agriculture could turn back to the Treasury $220 million that could be used to feed the hungry merely by declaring what everyone admits is true—that a serious emergency exists in these counties.

Senator Clark. Dr. Abernathy, I don't understand it either. I have been trying to find out from Mr. Freeman and his bureaucracy for the better part of 6 weeks now. I can't even get an answer to my letter.

You will rest assured we will not stop there and I suggest you don't either.

Senator Javits. Mr. Chairman, may I make a suggestion, that we put the record of the action of the subcommittee, the main committee and the Senate on the bill which sought to relieve this situation into the record so that this part of the testimony may be clearly understood that we have moved heaven and earth to do exactly what they are asking be done.

Senator Clark. Without objection, that may be done.

(The material referred to, subsequently supplied, follows:)

U.S. Senate,
Washington, D.C., April 19, 1968.

Hon. Orville L. Freeman,
Secretary of Agriculture,
Washington, D.C.

Dear Mr. Secretary: On March 26 I wrote you expressing my concern over the use of OEO Emergency Food and Medical program funds. To date, I have received neither a reply nor an acknowledgment of my letter, a copy of which is enclosed.

I would appreciate an immediate reply.

Sincerely yours,

Joseph S. Clark.

Enclosure.

U.S. Senate,
Washington, D.C., March 26, 1968.

Hon. Orville L. Freeman,
Secretary of Agriculture,
Washington, D.C.

Dear Mr. Secretary: I would like to express my concern with respect to the Department of Agriculture's contemplated use of $2,625,000, transferred from the

Office of Economic Opportunity under the Emergency Food and Medical program.

It was the intent of the Subcommittee on Employment, Manpower and Poverty and of the Congress in enacting this program that funds be made available to provide food and medical services to persons suffering from acute hunger and malnutrition, and who are not otherwise served by existing programs.

It is my understanding that the Department of Agriculture contemplates using all or most of the funds transferred by OEO to make up the difference between funds actually available for existing food programs and what the Department thought was available this fiscal year—in lieu of a supplemental appropriation.

I understand further that the Department of Agriculture, the Department of Health, Education and Welfare, and the Office of Economic Opportunity had worked out an interagency agreement which contemplated the transfer of $2,200,000 to USDA to be divided among the following components:

1. $700,000 was to be used to provide free food stamps to persons currently eligible for participation in the food stamp program, but who are unable to afford the $.50 minimum purchase price.
2. $1,000,000 was to be used to provide free lunches in counties other than the 256 priority counties in which OEO will administer its $5 million allocation.
3. $500,000 was to be used to provide administrative costs in order to activate food stamps and commodity distribution programs in counties where State and local authorities had approved such programs but had not yet appropriated funds for their administration.

Under the recently announced allocation of $2,625,000, I understand that only $125,000 will be provided for the administrative costs components under the interagency agreement and as much as $2 million may be used to fund food programs which the Congress authorized before the emergency program and for which funds were appropriated last year.

I would appreciate it if you would send me a copy of the above-mentioned interagency agreement, together with an immediate report indicating exactly what programs and projects the Department of Agriculture's allocation of $2.6 million will be used to fund.

Sincerely yours,

JOSEPH D. CLARK.

U.S. SENATE,
Washington, D.C., April 19, 1968.

Hon. WILBUR J. COHEN,
Secretary, U.S. Department of Health, Education and Welfare,
Washington, D.C.

DEAR MR. SECRETARY: On March 26 I wrote you expressing my concern over the lack of funds for the nationwide study of malnutrition. To date, I have received neither a reply nor an acknowledgement of my letter, a copy of which is enclosed.

I would appreciate an immediate reply.

Sincerely yours,

JOSEPH S. CLARK.

Enclosure.

U.S. SENATE,
Washington, D.C., March 26, 1968.

Hon. WILBUR J. COHEN,
Secretary of Health, Education & Welfare,
Washington, D.C.

DEAR MR. SECRETARY: I am most distressed to learn that funds have not yet been made available for the nationwide survey of the incidence and location of serious hunger, malnutrition and associated health problems in the United States, which was enacted on December 5, 1967 as section 14 of PL 90–174, the Partnership for Health Amendments of 1967.

As you know, last July, the Subcommittee on Employment, Manpower and Poverty conducted hearings on the problem of hunger and malnutrition.

At that time testimony by Federal officials established the need for a malnutrition survey.

The Senate subsequently passed S. 2138, Senator Stennis' bill, to provide emergency aid to alleviate serious hunger and malnutrition. As part of that bill, the Secretary of HEW was directed to conduct a comprehensive study of the incidence and location of serious hunger and malnutrition in the United States. The report of the Committee on Labor and Public Welfare accompanying S. 2138, summed up the need for such a survey in the following words:

"Knowledge of the extent and location of serious problems of hunger and malnutrition in the United States is almost non-existent. The Surgeon General of the United States, for example, testified that the Federal Government does not know the extent of hunger or malnutrition anywhere in the United States. Nor, he said, is it the specific job of any Federal agency to find out."

Subsequently, the amendment was incorporated as section 14 of the Partnership for Health Amendments of 1967. Under the terms of section 14, HEW must report to Congress on or before June 5, 1968.

I suggest that immediate steps be taken to assure the adequate funding of the survey so that the report which is sent to Congress on June 5 of this year will fulfill the intent of the Congress and its Committees.

I am taking the liberty of sending a copy of this letter to the Director of the Bureau of the Budget.

Sincerely yours,

JOSEPH S. CLARK.

Reverend ABERNATHY. Thank you very kindly, Mr. Chairman.

In the face of this overwhelming evidence, we do not understand why the Surgeon General has not yet begun to study the extent of hunger and malnutrition in this country as directed by this committee many months ago.

Senator CLARK. May I say, Dr. Abernathy, I don't understand it either.

I have two unanswered letters from the Secretary of Health, Education, and Welfare asking him why. I hope in due course I will receive the courtesy of a reply.

Reverend ABERNATHY. Thank you, Mr. Chairman.

Senator JAVITS. Mr. Chairman, one other thought. I know the Chair will want an executive session calling as witnesses again the Secretary of Agriculture, the Surgeon General, and Secretary of HEW so that we may hear why, as the Chair so very properly says, none of our requests have been answered.

Senator CLARK. Senator Javits, may I say the McGovern resolution dealing with hunger has been referred to the full Committee on Labor and Public Welfare.

I will be happy to join you in a request to Senator Hill and members of the full committee to see that we take that testimony in executive session.

Senator JAVITS. I will be glad to be a party to that request.

Reverend ABERNATHY. Thank you, Mr. Chairman. As you know, we have the greatest respect and confidence in you as the chairman of this subcommittee and the members of this subcommittee, and especially our long-standing friend, Senator Javits, who has been the champion for the rights of poor people in this country for many, many years, long before he was a Member of the Senate.

Does this country care so little for us?

And if we count for so little, how can our country expect us to continue to care for it when it is so unmindful of our most basic needs to survive?

We ask your assistance.

We request that this committee obtain information from the Department of Agriculture on the steps it has taken to alleviate conditions of hunger and malnutrition within the last 12 months.

We request that you ask the Department of Agriculture what action it will take in the immediate future to bring food to the neediest counties and the neediest people of this Nation.

We ask that this committee give serious and prompt consideration to the recommendations of the Citizens' Board of Inquiry Into Hunger and Malnutrition in the United States.

Senator CLARK. Doctor, you can rest assured that it is being done and we will press forward until we get some kind of answer.

If future legislation is needed, we will sponsor that legislation.

Reverend ABERNATHY. Thank you, Mr. Chairman.

A declaration that a national emergency exists;

An emergency food program in the 256 hunger counties;

Access to food programs on the basis of need, not on the basis of place of residence;

Proposal of a free food stamp program keyed to income, dependents, and medical expenses;

Special recognition of the dietary needs of children, pregnant women, the aged and the sick; and

School lunch programs that are available to every child.

If you can do these things, you will have made a small start.

The poor and the hungry of this Nation cannot understand how you can do less.

We do not believe that it should be too hard to know where the choice of a wise and just Government must lie.

Senator CLARK. Thank you very much, Dr. Abernathy.

We appreciate your candid and splendid statement with which I find myself largely in accord.

In order to expedite the hearing, I will not undertake to ask you questions at this point but refer to my colleagues to see if they care to comment.

Senator Prouty.

Senator PROUTY. Mr. Chairman, I believe some of the other associates wish to be heard.

Senator CLARK. Yes. Would you prefer that we hear them first?

Senator PROUTY. Why not let them go ahead.

Senator CLARK. Is that the view of the other members of the committee?

Senator MURPHY. Mr. Chairman, I would like to say at this point, if I may, it was just about a year ago, Dr. Abernathy, that representatives of this committee were in Mississippi holding hearings.

About a year ago, the young lady sitting behind you, Reverend Abernathy, the very able counsel, Miss Marian Wright, made the statement that the people were starving, that there was, exactly as you put it, an emergency situation. I said that the matter should be called to the attention of the President of the United States immediately.

Where people are hungry and starving, they should be fed; there is not time to write legislation.

Your statement, Dr. Abernathy, underscores what has been said before. I don't understand, as the chairman and my distinguished colleague from New York have said, why the disagreement between members of this committee and the witnesses who have testified and the Secretary of Agriculture still continues. I don't understand why people in Mississippi could not be helped by the food stamp and other programs because they had no money, their jobs had disappeared, and there was no time and the food had to be provided immediately.

I am as embarrassed as I could be to have to sit here today a year later and have you come and say it has not been done.

I am also glad to say that I have been very conscious for the 3 years that I have served on this committee on the need for jobs; this is immediate; this is the first necessity.

I want you to know, Doctor, that your suggestions today are being received very sympathetically by this committee.

Reverend Abernathy. Thank you very kindly, Senator Murphy, for your very kind words and for your deep concern and for all you have done in the past, and for all that I know you as well as this committee will do in the future.

Mr. Chairman, I would like for Rev. Andrew Young to be the first of my colleagues to speak, if you will permit it.

Senator Clark. Dr. Young, we will be happy to hear you. I suggest you pull that microphone in front of you so that we can hear you better.

STATEMENT OF REV. ANDREW J. YOUNG, EXECUTIVE VICE PRESIDENT, SOUTHERN CHRISTIAN LEADERSHIP CONFERENCE

Reverend Young. Thank you very much, Senator Clark.

Without referring to the specific bills I think the largest issue we face is: Are the poor going to become a part of the American economy, of American life? And I think that the big problem we have here is that everybody wants to know whose side they are coming in on.

I think it is extremely important for us to have a nonpartisan domestic policy where operations like OEO have some kind of independent, ombudsman status. I don't know how you do it, something like a Federal judge where the poor can come into the country and be a part of American life without having to be political football at every step of the way.

We see the Green amendment, we see this as another way to control the poor.

I think unanimously our delegations are struggling to have a say about how they can run their own affairs.

Senator Clark. I think you understand that this subcommittee in conference put up the strongest fight we could against the Green amendment.

We found if we had to get any part of a bill at all we had to yield to the House. I hope you will make your views clear on the House side.

Reverend Young. Another thing is the supplemental funds that are now pending for summer jobs and Headstart and additional funds that are needed generally for the war on poverty.

For all of our complaints against the war on poverty, we think it ought to get the same kind of treatment that the space program gets.

When they blow up a rocket they don't abandon the program. They refinance it and go on to find out what is wrong with it.

Senator Clark. The Senate has been pretty good about a few things, going along on the rejection of the supplemental appropriation bill by restoring funds for the poverty program, but we are having trouble with the other side of the Hill.

Senator YARBOROUGH. Mr. Chairman, I would like to say a word at this point.

I cosponsored with Senator Javits and Senator Stennis a bill for a $20 million emergency appropriation to combat hunger.

It passed in the Senate and House. This year we passed an appropriation in the Senate for $75 million for the summer work programs, $25 million for summer Headstart. That was likewise stricken out in the House.

The House action in striking out was rejected by the Senate and it is in conference at this time. This Senate has tried to do, a good many times in the last few years, what you have recommended here with reference to feeding the poor.

But that was not enough. But they were beginning bills, $20 million one time, $70 million. The bill that Senator Javits and I introduced was for $150 million.

It was cut back by the Appropriations Committee in the Senate to $75 million. We also got $100 million for the program for summer jobs and Headstart together. That likewise was turned down in the House.

Senator CLARK. I think I would like to say, and I think I speak on behalf of all my colleagues regardless of whether they are Republicans or Democrats, the Senate is going to continue to try. We will not give up.

Senator JAVITS. I think one thing should be added. I have no desire to delay the witnesses or the committee but they are hearing a good deal about what we have done. We have done well, we have done righteously. But the Congress has not always agreed with us and they want it done.

This is a forum for you to invoke the conscience of the Nation. Members of the House represent people in the Nation, too, just like we do.

So I say that, with the dignity you are showing today and the vigor you are showing today, that is your job and that is our job. Nothing is done unless it is completed and the money is there and the programs are actually performed.

Senator CLARK. And the poor are fed.

Senator JAVITS. And much as we may be virtuous in what we have tried to do, it has not been done and we must all share a collective responsibility.

Reverend YOUNG. I will say to you, Senator Javits, that we certainly appreciate your Equal Opportunity Employment Commission bill and that bill or some bill like it should be passed immediately because there are jobs in existence from which minorities are excluded. I think one of the reasons you see the tide of bitterness and resentment among young black intellectuals is that they find themselves graduating from places like Los Angeles City College, Wayne University, and they find themselves discriminated against by industry in America.

We do hope, however, that any equal employment bill will preserve the right of private suit as well as strengthen the EEOC.

We would like to put that in the record. I think our main testimony should come from the people who are part of this delegation.

Reverend ABERNATHY. I was about to say that I think we should hear now from some of the poor people, themselves. I think that the American Indians, since they were here first, should speak first.

STATEMENT OF MRS. MARTHA GRASS, PONCA CITY, OKLA.

Mrs. GRASS. I am Mrs. Martha Grass from Ponca City, Okla. I have come to represent my Indian people all over North America here. I want to speak about jobs and labor. This is really a foreign language to us. By that I mean too many of my people are out of jobs. It is just a miracle how we exist as Indian people.

Wherever we go we do not have education, we can't qualify for the jobs. In my hometown we can't even qualify for dishwashing jobs. Our men go out and pitch a bale of hay for 2 cents a bale for long hours, breaking their health down.

We even had to send my son out only 16 or 17 years old to help feed us at home because we have to have something to eat.

We have other children, small children in our homes. I have 11 children. My husband is a disabled veteran. He fought for this country like everyone else did but still we can't get what we need.

We were very lenient with all the foreign people when they came to our country. We shared with you all. Now you took all of it.

Now we are back there just starving and hungry and suffering. I, for myself, am sort of tired of living like we are living in poverty. We go to bed at night, sometimes we hate to get up in the morning because our cupboards are bare.

When a child asks for something to eat we have to give him something to eat even if it is just watered gravy or something like that when this country is so rich.

Everywhere we look we see everything growing so bountifully. Yet we have to starve. We can't even get jobs. We are not educated because we do not have the money.

You talk about educational funds. Who gets it? We are not even allowed to get that because we don't have the grade school education. We don't even have high school education. We have to have college education or some kind of degree before we get these jobs.

That is why we don't have jobs at home.

Then employment offices. Men are standing, leaning against the wall all day long, written all over their faces begging for something to do, at least a few hours, to take something home to their children, their families.

It is unbelievable how we have to live and exist as Indian people. Today, I say, I come begging for my Indian people. I am begging for something to eat at least, because if you don't eat today you ain't going to have strength tomorrow. You don't have the knowledge to think for yourself when you are hungry and nothing on your stomach.

I have a lot of people, I even hate to go outside my door in the community I live. Little children, I don't see how they exist, how they have the energy to run and play. They eat but just one meal a day. That is the way they eat.

So these commodities, these stamp things you are talking about, I don't know nothing about the stamp program or whatever you are talking about.

I guess they knew we couldn't buy them. A few get the commodities but you have to answer a whole lot of questions.

Some of the folders are that thick and we still don't qualify because we have a little land over here, the Government says you have a little property, maybe an acre or something like that, you are not qualified for a handout.

I did not come out for this handout. I am a proud Indian. We are proud of our heritage in America. I come here to seek jobs and ask for whatever you have to give to us as extra.

That is all I am asking for. Again I want to mention the space program. If God wanted people out in space to live on the moon he would have put people there.

You are fooling yourselves to think you are going to get up there and live. You had better use that money and give it back to us so that we can live while we are here on earth.

Thank you for your time.

Senator CLARK. Thank you very much.

Reverend ABERNATHY. We will hear now briefly, because we don't want to run late anymore, from Denver, Colo., at this time. I introduce Rudolpho Gonzalez.

STATEMENT OF RUDOLPHO GONZALEZ, DENVER, COLO.

Mr. GONZALEZ. My name is Rudolpho Gonzalez. I am chairman of the Crusade for Justice, a Mexican-American civil rights organization based in Denver, Colo.

I would like to make some comments about the different programs that this administration and the Labor Department seem to be so proud about.

I would like to make this statement that most of your stereotype, Anglo stereotype programs are a flop and a farce. Your MDTA programs which are supposed to provide training for our people are usually training for positions as cooks and cleanup women.

Your on-the-job training programs have been used by private industry to be able to pay less to the employees and then drop them before they become experienced enough to take a job, so that they can hire more of them, getting this Government money to be able to operate without having to pay out of their own pockets.

Many of them who work in the OJT programs get up in positions where they can become union people but they are dropped before this period of time when they are experienced and trained enough to do the job.

Your pilot programs are merely another method of helping municipalities hire people to wash and clean their floor, clean their windows and pick the weeds and papers. This is no kind of training to take our people out of the nontraditional jobs.

I think many of your programs are strictly what we call the name game. You have so many agencies that use the same name to justify their own existence and to fatten their bureaucratic expenditures.

You control the administration, you control the political world, therefore, there is no democracy for the minorities. If we have some program, work-training program of any kind, it must become part of the manpower-training board. So we have one out of 30 in a discriminating racist State like Colorado, New Mexico, or Texas or California, and the minority person cannot make any effective changes.

In fact, he then becomes just "window dressing" for the establishment.

The programs that you do put into effect have nothing to do with the culture or identification and the ethnic identification that is needed to make it productive and make it a positive and worthwhile program. Most of it is controlled by the politicians who have no feeling for the people and have only feeling for their own fat pocketbook.

The people are sick and tired of being used in a game to promote bureaucracy. To give you one fast example, in the State employment office, for instance, in Colorado, where I come from, the director, who is entrenched into politics and the Civil Service, says there is no discrimination.

Yet he keeps asking for Government money to build a $1½ million youth opportunity center to hire 55 employees and all 55 of them could not talk their way out of a phone booth and do nothing to promote new jobs.

The State employment office acts as the main body of employment, yet only 20 percent of the people in our total working force across this country gain employment through our State employment offices.

The new agencies that are set up in work-training programs supposedly are nothing but satellite employment offices to sort of cool and calm the people down and to give a couple of "window dressing" people some big salaries. And again it is controlled by the MDTA boards, the OEO boards, community action program boards, so that nothing effectively is done for the people.

If one person asks for a job he is referred by the State employment office to one of these existing OJT programs. If there is nothing available they then refer him to an OEO action council there who also work for the employment office.

He also refers him to a title V program who then refers him to Labor Department agency who then refers him back to the employment office.

There are six or seven such agencies. If one man is hired all seven of them justify their existence for this one man hired. This is called the name game.

We have piles of brown envelopes coming from your offices, civil rights offices, civil service offices, with qualifications that cannot be met by our people.

The barriers that are set up become the educational barriers, the work experience barriers. The young people across the Nation do not have this experience.

It is simply a farce to drive our poor people, our economically depressed people, our minority people, into the Armed Forces.

There is no problem for our young people to pass a test for the Army and Navy and Marine Corps but it is sure a hard, difficult matter for them to pass a career service test, a civil service test and many of these employment tests set up by the racist private industries who really don't want to hire us and want to use this as a barrier to make us think we can't do the job.

We know we can do the work. Your people didn't have the experience either but they are working. We know that the fact is who you know and who your friends are. We are sick and tired of being spoonfed, of being misled, of being what we would call in our community jive and shut, and we are no longer going to put up with it.

If there is any employment program it is going to deal with the minorities in our area particularly.

It is going to be that the decisions and the policy is going to be made by our people to affect our people. We are sick and tired of the great Anglo ingenuity that makes money off the poor by setting up studies, programs and agencies.

We are sick and tired of the fact that welfare perpetuates welfare in order to provide an employment field for people who run the program.

We finally evaluated the situation and we realize that every kind of agency, every kind of program is simply another pork barrel to fatten up the bureaucracy. We want the programs, and we want the employment doors open down at the bottom.

We want to be able to gain the dignity that we can also learn. I would say in the Southwest where I am from, the Mexican-American who is a semi-indigenous person, being Indian and Spanish, has been overly neglected.

For instance, you use none of the human resources of the Southwest. There is no unemployment problem for the people coming from the East who are Anglos or come from Oklahoma or Texas or coming from even the Deep South, and work in the Southwest.

Industries that move to the Southwest bring their eastern contractors who bring their own people. There should be a law set up to make sure that the human natural resources in those areas be utilized.

We are not part of the 2.5 or 3 unemployment percentage. We are part of the 8 to 24 percent of the unemployment percentage.

We demand now that this be changed. We demand also that our education system quit counseling our kids to go to the war, to lose their blood when they can't gain some kind of economic comfort, a guaranteed income, clean clothes.

Senator Clark. Will you suspend for just a minute.

I understand that Dr. Abernathy and Mr. Young have an appointment at 11:30. Now you want to be on time today. So, I would suggest that unless members of the subcommittee have questions they would like to direct to Dr. Abernathy and Mr. Young, that they be permitted to leave and then I will be able to stay here and listen to the representatives of the poor who wish to be heard.

Do members of the subcommittee have any questions to ask Dr. Young or Dr. Abernathy?

Reverend Abernathy. Mr. Chairman, could we stay about 15 more minutes?

Senator Clark. You can stay all day, Doctor, if you want to.

Reverend Abernathy. Then I think we can still make the appointment if we make our statements as brief is possible. I would like to hear as many of my colleagues speak before leaving as possible.

Senator Clark. Fine. If a few members of the subcommittee wish to interrupt to ask Dr. Abernathy and Dr. Young questions now they may.

Senator Javits. I think Senator Prouty's suggestion is desirable. After all, we have tried very hard, that has been very clear, and the idea is to arouse something of deep interest in this matter.

I think that the poor themselves who are testifying certainly are the best advocates. I would personally like to hear them.

I would suggest, Dr. Abernathy, that you do allocate your time because you would not want one section or one particular point of view to take all the time.

Senator **Clark**. I am going to make a suggestion and see if you agree with this, Dr. Abernathy. We let the gentleman finish his statement and then we impose the 5-minute rule on each of your colleagues with the understanding if they can't get through in that time we will give them more time later.

Is that agreeable?

Reverend **Abernathy**. Yes.

Senator **Clark**. You may continue.

Mr. **Gonzalez**. I will be glad to relinquish my time for you to hear the honest experienced statements of the other people who are here. I think that I have covered most of the programs and I feel that what they have to say will be of utmost importance.

Senator **Clark**. Thank you very much.

Will you call your next witness, Dr. Abernathy.

Reverend **Abernathy**. Yes, we would like for Mr. Robert Fulcher who represents the poor white of this country to speak now.

STATEMENT OF ROBERT FULCHER, STATE OF WEST VIRGINIA

Mr. **Fulcher**. Mr. Chairman, I am from an area that we call colonies instead of States, which is the Appalachia area, particularly West Virginia.

The programs that are being sent out by our Government into these areas are put into the hands of the wrong people in the first place.

The programs and the money have completely vanished by the time it gets to the poor for their use in the first place.

We in West Virginia are not asking for a handout. I know a lot of people would think that it is a matter of West Virginia, but we think it is a matter of this great Senate of ours. Because in West Virginia, as you know, automation has completely cut the employment rate in the mining area to nothing and any time there is any program set up for training it has to be for people under 35.

Now I gave my life to the coal mines, I am a disabled coal miner. I went in when I was 15 and I got hurt 10 years ago. But I do know what the best labor in the coal mines runs from 35 to 55. This is for true.

West Virginia happens to be the 12th wealthiest State in the Nation in natural resources for its size and what it puts into the economy, but so much unemployment, so many poor people live in the Appalachia area, now that resources are taken out in the raw form, moved to other areas, and this way being processed and distributed in the market as the product to be distributed over the country.

Now we in West Virginia would like to take the natural resources and process them in West Virginia, put the West Virginians back to work.

Then we would not have to ask for handouts. We would then have sufficient labor for all our people in West Virginia.

Our natural resources are being taken from us with nothing in return, just like the colonies were in the old days.

There is no severance tax on any type of our natural resources. This is being taken from us and we are contributing to the economy of the United States and we have people in West Virginia who are starving when there is absolutely no need for it with all of the wealth that we have.

You talk about the wealth of the Nation. To be a small State, as West Virginia—as I said a minute ago, it rates No. 12 in wealth of the United States—why should there be starvation in West Virginia?

Why should there not be jobs for people in West Virginia when there is plenty to be had there if it was used right?

We would like you to take that very much in consideration. Also in Kentucky there is very, very little consideration given to the poor concerning the strip mining there. They do not have a strip mining law that protects the poor in Kentucky.

The man who owns the mineral rights in Kentucky can bulldoze your house over and take it without any recourse whatsoever.

The people in Kentucky need some type of protection from this thing.

The people have to live on the ground after they take what is under the ground out.

Now coal mining, as I said, is no easy thing. It is a hard labor, it is a labor that a man devotes almost his life to once he starts into it.

He has no time to stop to get an education. No time to do anything because he is in that dark hole. He is in there most of the time.

He very seldom ever sees daylight due to the fact that he works overtime a lot of times. Many a time I have spent 20 and 21 hours in those holes. Many times I worked 7 days a week in those holes trying to get a piece of machinery ready to mine coal.

Once you are disabled or become of age you are like some animal, you are turned loose with no recourse whatsoever. I say this: One piece of machinery in a coal mine that employs eight men now where it used to employ 80 men—if these companies made money at that time when the 80 men were working, what are they doing now with eight men working?

Why can't there be some type of insurance or some type of protection set up for these coal miners?

From this and from the automation, if the automation is going to replace the people, what in Heaven's name is doing to happen to us? Just like in the Deep South, on the farms, automation has replaced the people on the farm.

Now there is no recourse whatsoever for a living. Are we going to let machines replace human beings and turn human beings loose as if they were nothing?

It is time that this be taken in consideration. I speak of the coal industry. As of right now these people are making tremendous amounts of money. You have these miners who have devoted their lives to these people. Most of them have silicosis today and can't even breathe. They can't even walk up steps.

This thing should be considered. A man should be refunded or taken care of to where he could hold his head up in dignity, not in shame, but in dignity, that an industry that he gave his life to is able to protect him and care for him.

Thank you.

Senator **Clark**. Thank you very much, sir.

Reverend **Abernathy**. Mr. Jose Ortiz from New York.

STATEMENT OF JOSE ORTIZ, STATE OF NEW YORK

Mr. **Ortiz**. My name is Jose Ortiz, I am here representing youth.

Senator **Clark**. Will you suspend for just a moment.

I will have to ask the photographers to move out of the way so that the members of the committee can see the witnesses.

Thank you very much.

Mr. **Ortiz**. Mr. Chairman and members of the Senate subcommittee.

I finally realized something today that is not just, you know, New York; as my fellow brother here just pointed out, like we are having the same problems as far as when we run up against, you know, the so-called professionals that come into the ghettos and establish their own programs.

We feel that we are capable, the people in ghettos themselves, to develop our own programs and to execute them. We do have communication with the rest of the people in the ghettos and I guess this is really our biggest factor.

As far as jobs, Senator Javits here probably should know a little bit more about how it is to have to run down to the garment center and have to push one of the push wagons and get paid $50 a week.

I know people who just stand in the corner and make more than $50 a week. This is the attitude most of the people have developed. Why should I go out there and do a job; that is, you know, that doesn't really take no brains.

You know, what are they trying to tell me, that I am not capable of using my head?

If anybody wants to offer me a job let him offer me a job where I can really be doing something. As far as electronics and computers, like we have a whole building on 9th Street, Thompson Square Community Center. We have been trying to get a jet engine in there so that we can get somebody to teach how this jet engine operates. This is the kind of thing we want.

We don't want $50 jobs because we can't make enough. The average person who gets the $50 job, when he comes out of work he has to be running some numbers so that he can make a little more money.

You know, $50 isn't enough to feed one person. If anybody really wants to offer any jobs, offer jobs which hold a future for us and all we really need as far as the technical and the professional help is for them to come down and assist us.

We are capable of running our own programs. Especially among the youth we do have a whole lot of programs up there which are being run by us, are being directed by us and we don't necessarily have high school degrees, but we do have the know-how. We are in communication with the people and when we go out in the streets some people listen to us because we are completely identified because we are those people.

Unless the people who are putting out all this money for all these programs get down and realize that we don't need professional people to come down there and program us and tell us how to run our lives because we are capable of doing this. Unless you get down and realize this point all that money you will be putting out there will be going into the same thing that it has been going into so long like manpower, mobilzation for youth, all these big organizations that have received millions and millions of dollars which have done exactly nothing.

It is about time that we start using different methods. It is letting the community, the people themselves get their programs and direct their own programs. Even if it means setting up employment offices for the community people by the community people, then that is what we are going to have to do.

Thank you very much. I will give an opportunity for somebody else to speak because I don't want to have to take up the whole time.

Senator **Clark.** Thank you very much for an eloquent statement, Mr. Ortiz.

Reverend **Abernathy.** Mrs. Scott of Baltimore, Mr. Chairman, and once she has finished I would like you to excuse Mr. Young and myself so that we can make the next appointment and I will designate the person that will be in charge.

STATEMENT OF MRS. ALBERTA SCOTT, BALTIMORE, MD.

Mrs. **Scott.** I am Mrs. Alberta Scott, I live in Baltimore, Md.

For my husband and I welfare gives us $130. We have to pay $65 for our place where we live and it is a slum house. There are more rats and roaches there and we have been at the landlord to fix it up but he won't. But when the welfare check comes and we get the check from the public welfare our landlord beats the mailman. And we have rats there. We have roaches there.

We have been at our landlord to fix up the house and he will not do it but he will beat the mailman to the check.

Senator **Clark.** Have you completed your statement?

Mrs. **Scott.** So we asked the landlord would he even give us money, would he even now give us the chance to take some of the rent—we are paying $65 a month as it is, and we only get $130, the two of us.

My husband is disabled to work and so am I. We asked the landlord would he give us a chance to take some of the money and spread it out. No. But he still beats the mailman.

We have to pay for our own gas and electricity and have to furnish our own food out of that $130 a month.

Reverend **Abernathy.** Mrs. Tresjan.

Senator **Javits.** Mr. Chairman, before Dr. Abernathy goes, if I may, I would like to suggest to the Chair that I would hope that we will have another opportunity to question the witness. Beyond that I think you ought to go away with something tangible.

I would hope that the Chair would consider calling us into executive session——

Senator **Clark.** Will you please let us have quiet so that Senator Javits can be heard.

Senator **Javits.** I would hope that the Chair—as I say, I know the Chair is very sympathetic to everything that has been said—will call us into executive session for the purpose of calling the Secretary of Agriculture and other Cabinet officials to whom you presented demands, and let us at least have some consolidated presentation of why these things we have fought for so hard and you demand so urgently, many of them so just, have not been done.

As I say, I know of no one in the Congress more sympathetic than the Chairman. I would hope we could perhaps consider taking it into our own subcommittee and really completing this presentation which has been made.

Senator **Clark**. I think the Senator has made an excellent suggestion. I will be glad to call the subcommittee into executive session in order to determine just how we should handle this matter.

At this point I don't see why we should call the Secretary of Agriculture in executive session. I would like to have him in public session and the Secretary of HEW and the Surgeon General, too.

Senator **Prouty**. Mr. Chairman, I also think that Dr. Abernathy should be invited back in public session to that we can have an opportunity to question him in more detail about some aspects of his proposed programs.

I hope this can be done as soon as possible.

Senator **Clark**. I will be glad to suit our convenience to that and, Dr. Abernathy, I know how busy you are but perhaps you can find time to come back here again and give us a chance to question you.

Dr. **Abernathy**. Thank you so kindly, Mr. Chairman, and all the members of this subcommittee.

I will move now to the next appointment. I will ask my special assistant, Mr. Bernard Lee, if he will be in charge and take care of my responsibility.

I appreciate so very much the fine way in which you have received us. Let me repeat again that I still think that the subcommittee is stacked in our favor.

Senator **Clark**. Doctor, we don't think that at all. We are trying to give you equal justice under the law.

Dr. **Abernathy**. Thank you very kindly.

Senator **Clark**. Mr. Lee, will you indicate whom you would like to have speak next.

Mr. **Lee**. Yes, sir. Mrs. Lares Tresjan.

STATEMENT OF MRS. LARES TRESJAN, CHATAUQUA COUNTY, N.Y.

Senator **Clark**. You may proceed.

Mrs. **Tresjan**. I am speaking for 1 million farmworkers. I will need 6 minutes, if I may, at least.

We are wondering what is the role of Senate Labor Subcommittee in the year after year damnation of 1 million farmworkers in this country.

We are wondering what is the role of this subcommittee.

Is it promoting or is it abolishing the criminal misuse of the farmworkers?

Senator **Clark**. Madam, let me point out that is not within the jurisdiction of this subcommittee. I think Senator Yarborough who is Chairman of the Labor Subcommittee, might have some comment on that.

Senator YARBOROUGH. Yes.

In 1966, the Congress passed the first minimum wage for farm labor in the history of the Nation.

In 1938, Franklin D. Roosevelt recommended the first minimum wage law that was passed for the workers in the factories.

For 30 years that plea for the fieldworkers went unheard. But this Congress passed that minimum wage law and while it applies to less than 2 percent of the farms, it applies to over 40 percent of the farmworkers.

It applies to the workers on every farm that has over seven employees per quarter. That minimum wage was $1 an hour last year. It went to $1.15 an hour February 1st this year. It will go to $1.30 an hour on February 1st, next year, rising with other newly covered employees under the minimum wage.

So, for the first time these workers have that protection, and beginning February of this year, people who previously were being paid 60 cents, 65 cents, 75 cents or 40 cents, 50 cents and hour under this law are paid now $1.15 an hour minimum.

Next year, it will be $1.30 an hour minimum, February 1st of next year.

Congress has moved in that field. After 30 years of struggle the Congress has passed a meaningful minimum wage law for the farms.

Senator MURPHY. I would like the record to show that the minimum wage rates in California are much higher than that. The minimum wage for agriculture in California is $1.65 an hour. I also would like to point out, so that you may understand, when the minimum wage law was being considered I went to great length to make certain that the minimum did not become the maximum. Because no part of my farmers are working at the minimum; they get a much higher rate.

They go as high as $2.40, $2.50. So I insisted that the minimum not penalize those who are more capable. I don't believe in penalizing anybody. I have kept the piece rate in along with the minimum.

I want the record to show that in California the rates are much higher.

Mrs. TRESJAN. If I felt I had more time to speak I would ask you whether that law is as shot through with exceptions as we find it to be in New York State and elsewhere.

Senator MURPHY. I went to the trouble to get information on the rates of pay. I sent my son out and he worked on farms up through the San Joaquin and down through the Imperial as a result he got a chance to look at the pay books so that he could get adequate accounts on the rates of pay.

I, myself, went on some of the farms and talked to many of the workers to find out exactly what the rates were, how they varied and what the piece rate was against the minimum, how the general farmworkers were organized.

Mrs. TRESJAN. How many minutes do I have? How much time?

Senator CLARK. You just go along for a while.

Mrs. TRESJAN. Let me say that uninformed as we are, backward, primitive as we are, farmworkers, we continue under the impression, which we get only from our life and from our reality, that committees such as today's committee is, should I say, playing with us.

For example, the Department of Labor that we visited yesterday, we cannot help wondering in defense of whose rights is it operating?

Is it in defense of the worker's right to live on a scrap of income, not to mention happiness, or is it in defense of the farmers' rights to superprofits?

We even catch ourselves wondering if the Department of Labor functions as a kind of procurer. Let me say so far as the farmworkers, we have not even established the right to be poor. We have not even yet established the right to be.

Every time we get an opportunity to come some place and complain and cry out about abuses, traditional abuses in the sphere of wages and hours, we have to postpone that and we have to come telling about the simple primitive life and the problems that we face and we never get to the second part of our story which is all the abuses in wages and hours.

This has gone on now for 3 or 4 years that we remember telling this this. We can never get to the next paragraph. We are always on the question of the protection of bare life, itself.

Again, I am curious to see if we get beyond the facts that—I have to race through this—if we get beyond the facts of the 17-hour workday that is still going on in our vicinity, not only our vicinity, and you know every bit as I know this is going on throughout the country, and the fact of overexhaustion, what we call criminal tiredness, the fact of the death traps we are condemned to live in.

I am going to throw a paragraph at you. It may go faster and this is an extract from a two-page petition to which we have collected 3,000 and some signatures.

It has been circulating. This is our summary of our living conditions. The people who signed it said that, "We note with amazement and sorrow that there are in New York State and throughout these United States a vast multitude of shacks and camps, some converted from chicken coops, some improvised out of discarded city buses, tractor sheds, barns, tinder boxes in which farmworkers, men, women and children, are housed face to face with defective heating stoves with leaking gas, exposed wiring, illegal kerosene stoves and deadly radiant heaters with polluted drinking water, sometimes with no water at all, with 13th century toilet facilities or none.

"They are housed in premises lacking emergency exits and that in at least one instance a three-story structure housing farmworkers has a fire escape built of wood.

"These workers are housed as though they were hose and wagons and tractor parts."

Then also the question of the complete failure in our view, the complete collapse, of the county health department throughout our State of New York and throughout the other States with which we are becoming familiar.

Where health and sanitary codes exist they are so far from complied with that they have become a kind of legendary poor joke.

The question of compliance with the code is only one of the questions. The companion question is the question to us, of pathetic mine standards required by these codes. So that we see a double problem here, that the codes have to be lifted up by the ankles and turned up-side down and shaken and completely reworked so that they protect the human beings.

That is either protect these people, protect us or give up making a pretense about it.

The question of poison compounds, the question of organophospherous compounds, who is going to tell us what are we working with? What are these deadly organophospherous compounds that are used not only extensively throughout the length and breadth of agriculture in the United States that by their very nature the use of these compounds must be accelerated and intensified because the bugs and weeds catch onto the habits of the compounds. They become immune so that the deadliness, the extreme dangerousness of the compound and the workers exposed to the compounds both in concentrate form and in residue form. The seriousness of this question becomes greater not only every day but every hour.

It is one thing to ask for an answer but we have not been told yet, we have not been told locally. The farmers have not told us what are the names of these compounds, nor have any of these very proud bodies that we speak in front of offered any clue.

Our only clues have come from the World Health Organization which confesses that it cannot help us as farmworkers unless and until it is invited by one of the member nations to step into this question.

I would like to urge that the United States as a member nation invite the World Health Organization to help the farmworkers protect their lives against the use of these poison compounds.

We also—this is one of the elements of our petition—would like to be told in whatever language we speak—and many, many of us speak Spanish—we would like to be informed of the dangerousness of the compound, what precautions we must take and the name of the compounds.

Senator MURPHY. Do I understand that the health and the lives of the workers are in danger and they are not instructed as to the danger of the compound?

Mrs. TRESJAN. I lost one word in the middle of what you said.

Senator MURPHY. I said do I understand that these compounds the workers are exposed to, that they are not warned that there is no protection or not the proper protection?

Mrs. TRESJAN. Correct. I think you understand correctly.

Senator MURPHY. I was amazed to see in regard to the housing that again in California one of the worst examples of farm housing that have been publicized over the years I found was in Stockton County. Three years ago I went out there and I would like to say I caused enough trouble so that that has been completely new housing built in there.

Also, that the self-help—you are shaking your head now——

Mrs. TRESJAN. Me?

Senator MURPHY. No, the gentleman next to you. I don't know whether he knows more about it than I do. Where are you from?

Mr. ROBINSON. Me? I am from Washington, but I know something about the farmhouses. I worked out there, too.

Senator MURPHY. What is your name?

Mr. ROBINSON. Ray Robinson, Jr.

Senator Murphy. Ray, I don't want to interrupt this lady's testimony but I would like to speak to you after I have finished to find out what you know that I don't know.

Mr. Robinson. Okay.

Senator Murphy. I saw 10 shacks that had been condemned in 1935. They were still there. People were living in them. Then they raised the rent. Those have been torn down, Ray; they assure me, a year ago.

There is new housing. So that I know something about what you are talking. I have been concerned about it as have many members of the committee.

Mrs. Tresjan. You had better and we had better all of us be concerned about it because this affects actually the skins of the tomatoes that the Nation eats. It affects the gentleman on the subcommittee every bit as it affects people in other occupations, low and high.

So I would recommend that we all be very concerned about it. I would most sharply recommend that somebody get concerned soon about our relations with these compounds because it is more serious.

Senator Murphy. I assure you that I will take this up with the Department of Health, Education, and Welfare immediately. Because of the number of people they have over there I would have thought that they would have done this long before it was necessary for you to come here and testify.

Mrs. Tresjan. That is good.

Do me a favor. Please tell them to equip themselves with a copy of the World Health Report, Geneva, 1962. This is the 12th report of the World Health Organization, Geneva, 1962, pages 20 and 21.

They should get hold of one of these. It is on poisonous compounds.

There is a minimum requirement that there be water and soap in the field so that when the workers in spraying operations take time out for lunch they may wash their hands.

And also there be technical and medical supervision of all spraying operations.

About the workers' picking time exposed to residue, I will not take time on that. I want to rush on through these very briefly.

Chronic starvation, rice and lard. Are we living in the Far East or are we living in the western counties of New York State?

Occupational hazards. Make a note that agriculture is the number one most dangerous occupation in the United States, not overlooking construction, mining, the merchant seamen's occupation and so on.

We have figures as to the number of fatalities in certain years and comparative figures and we are not going to look for them or throw them at you now.

Make a note, please, that the fire in the tractor shed in Brockton, Chautauqua County, September 25, 1966, where two farm workers were burned to death, trapped inside. These workers have not yet been adequately buried. They are still on the outside, the periphery of the cemetery in Brockton.

There is not even an inscription to tell you who has been slammed into the ground.

The widows of these workers are in deep anguish in Puerto Rico and have not been compensated. The case has not yet been heard. But I understand trial must occur in Chautauqua County and the feeling on the part—I think I gave you a hint about the county health department and you will gather also such organizations as the fire department and other institutions in Chautauqua County are not friendly to the cause of any farmworker.

So, the trial could stand having a group like this subcommittee throw its energies into examining what was involved in that fire in Brockton in 1966. Somewhere some subcommittee should support this trial which at last is being started in June or July this year, and should attempt to establish a minimum of honesty during the proceedings of this trial.

Our problem on wages and hours, illegal recruiting, problems like Campbell Soup that reach out into Puerto Rico and look for farmworkers to whom they pay less than the minimum wage.

Problems of something called bonus where 10 cents an hour is taken from farmers' pay——

Senator MURPHY. May I ask a question?

Mrs. TRESJAN. Yes.

Senator MURPHY. Do I understand that they recruit laborers from Puerto Rico, bring them in, and pay them less than the minimum?

Mrs. TRESJAN. Yes.

Senator MURPHY. Campbell does this?

Mrs. TRESJAN. Campbell Soup, yes. It was 1967—last December. We have proof at least as of December last year, and we expect that this is going on.

All the way to Puerto Rico and particularly employed are the workers who don't talk English and the workers who don't read or write in any language. Six of these workers, among others, worked Christmas Day, New Year's Day, and there was one other holiday, at straight time for Campbell Soup.

We have papers and letters and things supporting what I am telling you.

More abuses. Wages, which are in most of the State codes or laws required to be paid in cash, they are not paid in cash. Wages are required to be paid weekly, they are not paid weekly.

Senator JAVITS. Madam, would you hold that a minute. I am a Senator from New York. You are testifying to certain conditions in New York, including 17-hour workdays and other violations of both State and Federal law.

I want to see about that. I don't want any such thing to continue in my State if I can humanly stop it.

Now could you give me the details of any single case that you are discussing?

Mrs. TRESJAN. Yes.

Senator JAVITS. I will look into each one of them and see that justice is done, but I cannot do it unless I have some specific information.

Mrs. TRESJAN. Yes.

Shall we do it in writing?

Senator JAVITS. Don't waste a lot of time about it. Do it while you are here. Write it on a yellow piece of paper and give it to me. Give me any specific piece of information you have on any of these matters you have been discussing, 17-hour days, less than the minimum wage.

I know about abominable conditions, I have seen them in Wayne County and other places. I am doing my utmost to fight that.

Give me the facts about payment in kind, not in wages, or any other of the facts you have mentioned, which strike me, even just hearing them, as violations of law.

New York has a very enlightened labor code and we have our Federal minimum wage and other laws, and I want to know the facts.

Mrs. TRESJAN. I will be happy to do that, yes.

I would also like to hope that we can enlist you in this question that goes back to 1966 when the two workers were burned to death.

Senator JAVITS. Yes. Give me the details on that. Senator Murphy says he has the details. He will give me the information.

Mrs. TRESJAN. Child labor. We can expand on that. There are many instances of it. Permits get posted. Permit issuing officials in both the county health department and some representative of the Labor Department or Labor Standards Division and they are posted.

They are posted very, very often in a language that is not intelligible to the worker, and more often than that, in a form that is out of reach of the workers because life has not permitted these human beings to go to school and be taught the alphabet.

So the workers don't read or write. So what the devil good is it to have some kind of permit posted telling them what the farmer may or may not do?

This is a condition of our entire county. It is a laughable thing, these permits.

Senator CLARK. I wonder if you could sort of begin to come to the end.

Mrs. TRESJAN. I have, I have, just now.

We have a petition with 3,000 signatures which we will see that your subcommittee gets a copy of. We urge passage of a law guaranteeing to farmworkers collective bargaining rights under—is it section 7 of the National Labor Relations Act?

We urge immediate establishment of a law including farmworkers under the Unemployment Insurance Act. We urge establishment of a minimum wage in agriculture of $2.50 an hour. Agriculture is skilled labor. Until last night we were urging $2 but we have been enlightened. We urge establishment and protection of the 40-hour basic workweek in agriculture with increased pay for Sundays and holiday work.

We urge that in the case of those workers who pay their own transportation from Puerto Rico by airplane to areas like New York State and their return transportation, that this be included in the agreement or in codes regulating the agreements worked out between the farmer and the workers; that the worker does not pay this transportation out of his own pocket and go back to the mountaintop in Puerto Rico with $30 to show for 6 months' work.

We urge examination of the relation between the minimum wage in agriculture in Puerto Rico and the minimum wage where it exists, if it exists, in the various States in the United States.

We urge examination into the question of the connection between a minimum wage of 60 cents or 55 cents per hour in Puerto Rico with the continuing practical minimum in many, many vicinities in the States, of 90 cents an hour and less, or $1.15 an hour.

Mr. LEE. Excuse me, Mrs. Tresjan.

If it please the committee, I would like to remind Mrs. Tresjan that we do have other members who have very crucial statements to bring before the committee.

We do want them to have an opportunity to at least give their statements.

Mrs. **Tresjan.** I can sum up in eight words. I have only one more thing to urge today.

I recommend to the Department of Labor that they create some kind of committee to look into problems of work, rest, and exhaustion, particularly among farmworkers.

Senator **Clark.** Thank you very much. You are very articulate. It is a pleasure to hear from you.

Senator **Yarborough.** We have an industrial workers health and safety bill pending that will give protection to the farmworkers. There are 75 million industrial workers including farmworkers.

Each year, 14,500 of these industrial workers are killed in America, 2 million are injured, 7 million are hurt; 2 million are disabled, some to the point of disability.

We have a bill pending here. There is strong opposition to it. I happen to be the author of it. It would remedy some of these complaints. Much remains to be done. We have many bills covering these fields pending.

I want to say in reply to what Mrs. Tresjan said about money to educate the children, it reminds me of what a great English philosopher said in the past century.

He said, "Grace is given by God, but knowledge is bought in the marketplace."

There must be money to educate these children.

Thank you, Mr. Chairman.

Senator **Clark.** Now, Mr. Lee, will you call your next witness?

Mr. **Lee.** Yes, and I would urge members of our group here again that they not be as long as Mrs. Tresjan. She had a wealth of information, and still does, to give the committee.

I am sure all of you will do as well. We do want all of you to get your points of view across. We have six more people. We would like the committee to hear from all of them.

Senator **Clark.** Let us give them 5 minutes each.

Mr. **Lee.** I would like to hear from Mr. Victor Charlo from Montana.

STATEMENT OF VICTOR CHARLO, FLATHEAD INDIAN RESERVATION, WESTERN MONTANA

Mr. **Charlo.** I am Victor Charlo from the Flathead Indian Reservation in western Montana.

Senator Javits, you asked about the OEO program. I would like to give you some of my viewpoints of the OEO program on the reservations that I have seen both in Montana and six other States in the western part of the United States.

I think one of the things you see the most with these CAP programs, community action programs, sponsored by the OEO program, is that when they talk about local involvement, when they talk about getting the poor involved, asking the people what they want, asking the people to write up their proposal, asking for what they want, it is sent to the Indian desk and from the Indian desk after many hassles, finally you get back a program that is so full of special conditions that you do not even recognize your own program that you sent in.

I think this is something that we have to deal with and somehow restructure the OEO program.

What is happening is that you are asking the poor people to give you their ideas in the OEO program and the OEO officials judge these needs by a middle-class standard and then they say you can have your money on these conditions.

As a result, the job is not being done. Again I think, as Reverend Abernathy said, this is a start. But it is not enough because whatever money that is available in the OEO program, just a bit of this I think is coming to the rural areas. These are just as important, I think, as the big cities.

But at the same time, what is happening is that there are riots in the big cities and there aren't riots in the reservations.

Some have said, some of my Indian people have said, this is not the Indian way to demonstrate. We do have our treaties, we can negotiate, but I think the Indian people have negotiated and I think now it is up to us probably to begin to make our voices heard.

Because too long we have said we will get along. Somehow we do have our treaties but I think we have finally realized that these treaties are not any good.

As citizens, and I guess we have been citizens only a few years, although we owned the land at one time, today we have very little and I think what we are asking for is more.

We are asking, probably demanding—we are not begging.

Senator CLARK. Thank you very much.

Mr. LEE. Thank you, Mr. Charlo.

Our next statement will come from Mrs. Lilly May Brooks from Senator Eastland's county, Sunflower, Miss.

STATEMENT OF MRS. LILLY MAY BROOKS, SUNFLOWER CITY, SUNFLOWER COUNTY, MISS.

Mrs. BROOKS. I would like to say my name is Mrs. Lilly May Brooks. I live in Sunflower City in Sunflower County, not far from Mr. Eastland's farm in Mississippi.

I would like to say that Mr. Eastland is not representing the poor white and poor colored people in Mississippi. He is representing the big class of people.

In Mississippi, we live in houses, some of them not fit to live in; not fit to put chickens in.

We have food stamps. They told us they were not going to give us money to pay the grocery bills. When we go ask for it they say we don't have any money.

I ask him what are they doing with the food stamps. One person $50 a month. They will tell you to pay $40 or $45 or $60 and still keep the children in school.

That is not enough to feed two kids 2 weeks. I would like to say to you and the whole United States we are tired of begging.

We have worked all our lives. I am representing Mississippi. I want the whole United States to know we worked for it.

We have not received it yet but we are going to demand it now. We are tired of begging.

We are not satisfied. We won't be until our demands are met. We are going to stay in Washington, D.C., until something is done if it takes all of 1968 or 1969 or 1970 because we are tired of working and no pay and then somebody else gets rich.

Those people in those shacks, we want them housed in decent homes and with decent food. We are not able to buy the food stamps. We want them free.

We are not going to take any more. We are tired. We are tired of it.

Senator **Clark**. Madam, your 5 minutes are up.

Mrs. **Brooks**. Thank you.

Senator **Javits**. May I say, Mr. Chairman, that the 5 minutes was very eloquent. I thank Mrs. Brooks for appearing. We will do our utmost.

We are only men, too. We will do our best to see that promises do come to an end and performance does begin.

Mr. **Lee**. Thank you very much.

Our next statement will come from Mrs. Phyllis Robinson from Providence, R.I.

STATEMENT OF MRS. PHYLLIS ROBINSON, PROVIDENCE, R.I.

Mrs. **Robinson**. Dr. Martin Luther King died in pursuit of social and economic justice for all. His last month was spent in the development of the Poor People's Campaign to ease the desperate problems of poor people of all races.

Frequently he spoke of a guaranteed annual income as one of our country's most urgent needs.

He took special interest in the plight of the ghetto and has been giving us strong support and assistance in the building of our organization.

Those who truly support the ideal for which Martin Luther King fought and died must face an underlying problem of inequality and injustice in our society.

The National Welfare Rights Organization presents its proposals which speak to some of our concerns as poor people, in the hope that serious attention will be given to these issues.

They are offered as a beginning towards building of a fitting memorial to Dr. Martin Luther King, a society of liberty and justice for all.

One, repeal of the welfare section of the 1967 Social Security Amendments, Public Law 90-248 of the welfare law.

This law is the most regressive and racist piece of social legislation in the history of the country. Directly or indirectly it affects the majority of residents of the ghettos of our country.

The freeze on Federal funds for millions of needy children who are desperately poor but presently receiving no public assistance will only worsen an already tragic situation.

It forces mothers to leave their children to work or undergo training or be cut off of welfare or have their children taken away.

It seriously increases the problem of aid to children of unemployed fathers. It encourages the welfare department to intimidate poor people.

Two, a national guaranteed minimum income of $4,000 for every American family; $4,000 per year for a family of four, would be a minimum to raise families out of poverty. The guaranteed minimum income should also (*a*) provide annual cost of living adjustments, (*b*) be administered by a special affidavit similar to the income tax, (*c*) include a work incentive for families to keep all earnings up to 25 percent of the guaranteed minimum income in some portion of additional earnings.

Three, Federal funds for immediate creation of at least 3 million jobs for men. There is a desperate need for jobs in the ghettos for men to permit them to assume normal roles as breadwinners and heads of families.

These people desire dignity, with jobs comes dignity.

These job programs should focus on building quickly needed low-income housing and community facilities in the ghettos; (*b*) contribute manpower to extend vital human services such as housing, care, education, and community organization; (*c*) give first preference to contracts with organizations controlled by poor people.

In other words, we are saying don't send money to the political powers all the time. Think about the poor.

We are intelligent in the ghettos, too.

Thank you, Senator.

Senator CLARK. Thank you very much.

Mr. LEE. Thank you very much.

I would like to say to the chairman of this committee and to the members present that we certainly are thankful that you allowed us to appear before you today, for so often before your committees you hear only testimony which is very eloquent and very well put together from what is called the leadership only of poor people in this country.

What we have tried to do today is to let you hear from those who are in a state of destitution, themselves. For that we appreciate your time and all that went in to make this possible.

Now, Senator Clark, all the members that we brought with us for this purpose have testified. We are thankful that their testimony is in your official records. There are two members present at this table with me that have asked to speak.

I know one of the gentlemen, I do not know the other. Mr. Ray Robinson whom Senator Murphy, before he left, addressed one or two questions to, and on the end is Prof. Sidney Peck from Case Western Reserve University in Cleveland, Ohio.

These gentlemen have asked me to give them an opportunity to speak but I was left here by Reverend Abernathy for a task.

I have performed that task. I would direct them to you as chairman of the subcommittee.

Senator CLARK. Now the Chair will rule that these gentlemen will be given an opportunity to be heard briefly, 5 minutes each. The Senate is already in session. We are going to have to adjourn within the near future.

But the Chair does not wish to cut anybody off who desires to come here to say a few words.

I would like to ask the gentleman on your left to identify himself by name and address.

STATEMENT OF RAY ROBINSON, JR., CHICAGO, ILL.

Mr. ROBINSON. My name is Ray Robinson, Jr.

Senator CLARK. Where are you from?

Mr. ROBINSON. I was born and raised right here in Washington, D.C.

Senator CLARK. Where are you living now?

Mr. ROBINSON. I am living in Chicago.

Senator CLARK. Do you have a job?

Mr. ROBINSON. Do I have a job?

Senator CLARK. Yes.

Mr. ROBINSON. Yes, I have a job. Communications business.

Senator CLARK. Will you tell us what you would like to have us hear in your own way.

Mr. ROBINSON. I am not here to talk about no pain because I think you have heard enough of that today. I think I am sick and tired of hearing pain, myself.

I have to say it like it is. We say tell it like it is. Very simple. You see, I did not come toWashington——

Mr. LEE. Before Mr. Robinson begins, Mr. Chairman, Reverend Abernathy and some other members of our party went to see the Senate leadership, some of the Senate leadership, and we would like to take these people to see Senators Dirksen and Long.

Senator CLARK. You go along. We will stay here with Mr. Robinson and the other gentleman.

Mr. ROBINSON. I tell you what I come here for. I come here to preach a funeral, just that simple. One of the men asked, "What do you mean by preaching a funeral?" I don't want anybody to preach mine after I am dead. I prefer it while I am living.

A lot of people haven't been heard yet. The reason they have not been heard is because they don't come under the structure that the majority of you gentlemen sitting up there come under or the majority of the people in this country.

I will say now I am going to talk and tell it like it is, the way I feel it. That is the way I feel it. I don't know if you will understand, so, I am going to tell it to you.

No more pain, baby. No more pain. I just got back from Germany, Berlin. I hitchhiked overseas, too. I have seen quite a bit over there.

Senator Murphy asked me about picking fruit. Yes, I picked fruit but I don't want to talk about the pain of picking no fruit.

What I have found out, sir, you guys cannot solve this problem. You guys are the problem. We could have done it.

I am not interested in integration. I am interested in communications. You can get all the integration you want after that.

But you see, all my life I have been trying to be like you. No good. I am going to be myself. I will not try to talk like you, act like you, and deny myself, myself.

I know who I am. I know where I am going. I have dignity, too. I do not have to prove my manhood. That is what I see is going on now.

Right now young people all over this world, and I am representing the young people right now in Washington, too, over 10,000 youth, when the word is said, baby, it will go.

So the thing is, nobody is scared anymore. I have taken my oath. Do or die. I am not trying to scare you or scare anyone. I want to see what you are going to do. I want to see where your heart is at because I know you can't solve it.

You have had it too long. As a matter of fact, you are the problem. We all are the problem. If you people are interested in doing something besides listening to a bunch of pain, we can do something. You notice I said we. But you may have to change your course this time.

You know what kind of situation your country has been in since I have been back? I got back here April 16. They called them riots. They were not riots. They were rebellions.

You have not had a riot in this country yet. So I think what I am trying to tell you, you, you, you, listen to all that pain, about two people who were buried in the ground in New York.

Uhuh, baby, those people are buried. I seen one of the worse things in the world, sensationalism this morning, in the Washington Post newspaper. A soldier being buried alive. Man, this is coldblooded. Sensationalism.

What we are trying to say, let us bring some joy to the world now instead of pain. I am not saying I am a big national leader. All I want to say is bring some sanity here. I am not afraid. I told you now I have paid my dues. I worked along with Dr. King. I worked along with Jimmy Lanson, Malcolm X, everybody I worked along with.

One thing, I listened to everybody. I am nonviolent until you put your hand on me.

If you want to sit up there and listen to some pain we will do that. One thing is, you may have to step back now and take a look because I went out of the country and took a look into it.

I will not tell you any more. I will give you my address and phone number. You can get in touch with me.

Senator CLARK. You leave your name and phone number and write me.

I thank you for coming in.

Mr. ROBINSON. I will give it right now.

Senator CLARK. If you don't mind, please step aside and let the other gentleman testify.

Now, sir, you move behind the mike and give us your name and address and occupation, please.

STATEMENT OF SIDNEY PECK, ASSOCIATE PROFESSOR OF INDUSTRIAL SOCIOLOGY, CASE WESTERN RESERVE UNIVERSITY, CLEVELAND, OHIO

Mr. PECK. I am Dr. Sidney Peck. I am associate professor of industrial sociology at Cleveland, Ohio, Case Western Reserve University.

I am here as one of the committee of 100. I was invited to come by the Southern Christian Leadership Conference to participate in these hearings and meetings with Cabinet members and congressional persons and committees of Congress.

I had not in any way intended to speak or to testify here at this subcommittee hearing. But I asked to do so after listening to the comments from the poor people.

I think there is one thing that I thought I might contribute and add as someone who specializes in research on the labor force, labor movement, and technological change, a fact that I think your committee knows because your committee has in fact concerned itself with the tremendous consequences of rapid technological advance, developments and automation, cybernation, particularly those that occurred during the early 1960's and to this date.

I think, however, that the response to the awareness of those consequences certainly do not seem to meet the magnitude of the situation.

I think that what is apparent here is that there is obviously a recognition that the kind of rapid advances that occurred in technology in agriculture served to displace tremendous numbers of human beings from a base of livelihood on land and that subsequently the same kind of massive displacement began in fact to take place in the urban industrial areas of this country.

Therefore, what you have at present are tremendous reservoirs of labor that apparently are no longer needed for the mainstream of the economy.

Labor that is no longer of crucial consequence to the main course and direction of the economy, an economy that is becoming increasingly cybernated.

Now I think that if this kind of consequence is apparent to you as members of a subcommittee dealing with problems of labor, it obviously is apparent to those who find themselves shut out of the mainstream of this economy. They know its significance in a much greater and a much more human sense because one of the consequences for them is that as human beings they may not be able to survive and reproduce in kind. That is to say that as a people subject to the kind of closure which this technologic change brings in addition to the full question of racism and its consequences for discrimination in employment, a whole people is now at the throes of what, in their estimation and I think a very serious one, is a problem of extinction and extermination.

That out of the frustrations of that economic situation, out of the desperation in wanting to change their conditions of life, out of their profound response to the indignities of life which exist for such a deprived economic population, there will, in fact, be certain kinds of efforts to change that condition and situation by any means.

The response to that change seems evidently to be one of a military solution. A military solution aimed to contain this kind of population which has been closed out of the mainstream of the economy is a solution that is directed to the very survival of that population.

I say to you as a professional sociologist, although I speak for myself and not for the sociology profession or for the university but as a citizen of this country concerned about the very survival of black people and all others who are disenfranchised politically and economically from this system, that we cannot allow a military solution to be waged against black people in this country. We made a horrible barbaric and tragic mistake to unleash a military solution against the poor in Vietnam who are rebelling against their indignities and their injustices of life.

Senator **Clark**. It will take some part of this swollen military budget to solve our domestic problem which has so graphically and pointedly been described to us today.

Mr. **Peck.** I appreciate that, Senator Clark, I can only conclude that the allocation of that $80 billion for defense purposes is certainly, even as an initial beginning, necessary to overcome the kind of problems that will be occasioned by technologic change.

Senator **Clark.** Thank you very much.

Do you gentlemen have any questions?

If not, the subcommittee will stand in recess subject to call by the Chair.

(Whereupon, at 12:25 p.m. the subcommittee recessed, to reconvene subject to call of the Chair.)

EMPLOYMENT AND TRAINING LEGISLATION—1968

TUESDAY, MAY 7, 1968

U.S. SENATE,
SUBCOMMITTEE ON EMPLOYMENT, MANPOWER AND POVERTY
OF THE COMMITTEE ON LABOR AND PUBLIC WELFARE,
Washington, D.C.

The subcommittee met at 10 a.m., pursuant to notice, in room 4232, New Senate Office Building, Senator Joseph S. Clark (chairman of the subcommittee) presiding.

Present: Senators Clark (presiding) and Pell.

Committee staff present: Michael W. Kirst, professional staff member, of the subcommittee; and Richard W. Murphy, legislative assistant to Senator Scott.

Senator CLARK. The subcommittee will resume its session.

We will be considering today S. 3063, the Employment and Training Act of 1968; S. 2938, the Manpower Development and Training Act of 1962; and S. 3249, the National Manpower Act of 1968.

We are happy to welcome this morning a former staff executive of this subcommittee, Dr. Garth Mangum, presently codirector of the Center for Manpower Policy Studies at George Washington University; a gentleman who was of inestimable assistance to this subcommittee as Director of our manpower policy studies several years ago, and who has been back on several occasions to give us the benefit of his thinking since that time.

A little later we have Mr. David Freeman, the executive director of the Washington Metropolitan Area Jobs Council, Inc. We will be meeting again on Thursday to hear Secretary Wirtz and on Friday to hear a number of witnesses.

Dr. Mangum, I note that you prepared your usual erudite and not brief memorandum which I am sure will be of the greatest possible assistance to us. Of course with the time limitations I understand you are agreeable to having it printed in full in the record at this point, which will be done, and then will you proceed in your own way. I have been given an outline which I will follow along with you and I know from long experience that you don't mind being interrupted.

(The prepared statement of Dr. Mangum follows:)

PREPARED STATEMENT OF GARTH MANGUM,[1] RESEARCH PROFESSOR OF ECONOMICS AND CODIRECTOR OF THE CENTER FOR MANPOWER POLICY STUDIES, GEORGE WASHINGTON UNIVERSITY

THE STATUS OF MANPOWER POLICY

This Subcommittee has again, as is its wise tradition, chosen to review a particular piece of manpower legislation within the broader context of all federal manpower policies and programs. To provide perspective for the proposed extension and revisions of the Manpower Development and Training Act, I will provide my assessment of the status of federal manpower policy and the individual programs which it encompasses, explore some possible alternatives, and make some observations on current proposals.

---

[1] Garth L. Mangum is research professor of economics and codirector of the Center for Manpower Policy Studies, George Washington University, where he is evaluating Federal manpower programs under a grant from the Ford Foundation.

A. The nature of federal manpower policy

1. There is no federal manpower policy in the dictionary sense: "a definite course of action selected from among alternatives, and in light of given conditions, to guide and determine present and future decisions." However, there are programs and practices which can be analyzed in aggregate and from which policy emphases can be extracted.

2. Legislation in the 1950's such as the National Defense Education Act and practices of agencies such as the Atomic Energy Commission emphasized manpower as an economic resource, with particular concern for the development of scientific and technical manpower. Spending for such purposes increased during the 1960's and now totals over $5 billion annually. However, the focus of federal manpower efforts during the 1960's shifted in another direction.

3. The thrust of the manpower programs of the past five years has been to aid those who face various disadvantages in competing for jobs. This emphasis is attested to more by legislative and administrative efforts and public discussion than by expenditures of less than $2 billion per year.

B. Overall critique of federal manpower policy

1. The relevant manpower programs which emphasize in varying degrees services for the competitively disadvantaged are the Manpower Development and Training Act, the Vocational Education Act of 1963, the Vocational Rehabilitation program and the several manpower components of the Economic Opportunity Act. The 1967 amendments to the Social Security Act adds another, the Work Incentive program, which may dwarf all the others but has no experience to evaluate. The Concentrated Employment Program is really a delivery system rather than a program. JOBS is a changed emphasis within exisiting programs. In addition, it has been appropriate to consider changes in the United States Employment Service, not as a program but as a major deliverer of services.

2. This array of programs did not emerge as part of any systematic effort to identify and provide each of the services needed by various disadvantaged groups or by all the disadvantaged. Instead individual acts were written, considered, and amended in rapid succession to meet current crises, real or imagined, with little attention to their interrelations. Though overall objectives are reasonably clear, the objectives of some of the individual programs are not.

3. The resources and enrollments in all of these programs are too small relative to the size of the labor force and the magnitude of needs to have had an appreciable impact on the problems they were intended to "solve." Remedial programs for the disadvantaged currently enroll an average of only 300,000 people at any point in time—this in an economy where in prosperous 1966, 2.5 million persons were unemployed 15 weeks or more, 85,000 were unemployed over half the year. 1.3 million looked for but did not find any work, 2.5 million males 25 to 64 years of age did not seek work and more than 5 million persons worked for less than the Federal minimum wage.

4. The 1961–67 period is most appropriately viewed as an experimental one during which many things were tried with varying degrees of success and failure. A positive contribution of these efforts was the identification of a number of services which have proven useful in lowering the obstacles to employment and retention of the disadvantaged:

(*a*) Outreach to seek the discouraged and undermotivated and encourage them to partake of available services.

(*b*) Adult basic education, to remedy the lack or obsolescence of earlier schooling.

(*c*) Prevocational orientation to expose those of limited experience to alternative occupational choices.

(*d*) Training for entry level skills, for those unprepared to profit from the normally more advanced training which assumes mastery of rudimentary education.

(*e*) Training allowances, to provide support and an incentive for those undergoing training.

(*f*) Residential facilities for youth whose home environment precludes successful rehabilitation.

(*g*) Work experience, for those unaccustomed to the discipline of the work place.

(*h*) Job development, efforts to solicit job opportunities suited to the abilities of the disadvantaged job seeker.

(*i*) Relocation and transportation assistance to bring the workers to where the jobs are.

(*j*) Subsidization of private employment for the disadvantaged.

(*k*) Job coaching to work out supervisor-worker adjustments after a job is found.

(*l*) Creation of public service jobs tailored to the needs of job seekers not absorbed in the competitive market.

(*m*) Supportive services, such as medical aid, for those who needed corrective measures to enter or resume positions in the world of work, or day-care centers for mothers with small children.

(*n*) Relocation allowances for residents in labor surplus areas and special inducements to employers to bring jobs to those stranded in depressed areas.

5. Essential as these services are, they are available through no one program, agency or labor market institution. The various programs are limited in the services they can offer and the budgetary commitments for the various services are not rationally related to need.

6. The administrative capability to deliver these services has yet to be developed. At the local level, there is no single agency or combination of easily accessible institutions where those seeking help can find it. Neither has any community the resources to provide some type of service to all who need it. A multiplicity of federal funding sources encourages interagency competition at the federal level and proliferation at the local level, placing a premium on "grantsmanship." Coordination has been tried with little success but delegation and consolidation of programs has made significant progress. Existing agencies have changed their orientation and biases but slowly and only under considerable outside pressure. New agencies have yet to learn effective practices. Surprisingly little has been done, considering the number of programs and the level of expenditures, to develop or train capable staffs at any level of government. Technical assistance from federal to local agencies is a clearly apparent but largely unmet need.

7. For no program are there adequate valid data for evaluation of strengths and weaknesses and no program currently has a reporting system capable of producing such data. Data on the characteristics of enrollees are adequate in some but not all programs. Data on services provided are weak and followup data on program results are grossly inadequate and undependable. *Ad hoc* internal evaluations have been made of several programs, etiher in-house or by contract, but for the most part their coverage is limited their data weak, and their investigations not probing.

8. Administration officials and Members of Congress have been too impatient to await the results of new and existing programs and to allow for restructuring, removal of negative elements, and finally their expansion into effective programs. As a result, there has been an excessive resort to gimmicks and attempts to devise "instant policies for instant success." The procedure has become a familiar one. New approaches are designed intuitively rather than empirically. They are launched with public relations fanfare, complete with numerical goals and early target dates. Manipulation of numbers to "prove" success then becomes a major staff function until a quiet burial of the goals and targets can be devised. Long range planning, careful evaluation and more modest and realistic promises are a needed substitute for "panacea-hopping."

9. A number of issues remain unresolved including:

(*a*) the appropriate relationship between federal, state and local governments and private institutions;

(*b*) the choice between professional agencies and *ad hoc* community organizations as sponsors and as deliverers of manpower services;

(*c*) the relative value of basic education, skill training, public employment and subsidized jobs with private employers as remedial measures; and

(*d*) the comparative social returns from serving limited numbers of the "hard core" unemployed at high per capita costs vs. more of those nearer the margin of employability.

10. Despite all these shortcomings, one concludes from observation, available data and piecing together other fragmentary evidence that some programs are at least moderately successful and merit expansion. None is a clearly proven failure,

though in some cases the funds could have been better spent elsewhere. Through this necessary experimental process many lessons have been learned, needs probed and useful services identified. Congress has demonstrated a willingness to change and adapt programs in light of administrative experience. Expansion of programs has been slower than anticipated but as much from an absence of aggressive Administration requests as from Congressional reluctance.

Taken all in all, the experience has been a positive one in which those involved legislatively and administratively can take justifiable pride. The current need is to (1) move from a program orientation to a mission orientation, distilling from the variety of programs, the functions and services which have been proven successful and making them available tailored to the needs of individuals rather than to the requirements of programs; (2) integrate the comparative advantages of federal, state and local administration in planning and operating a system of manpower services, using the most efficient management techniques available; (3) agree that the problems of those handicapped in competing for jobs is presently the first priority in manpower policy but keep in mind that there are other goals and priorities may legitimately change with circumstances; (4) give the proper balance to preventive and remedial efforts, and (5) expand manpower services to a more reasonable relationship with the universe of need.

C. Program evaluation

1. MDTA

MDTA's original objective was to retrain experienced adult family heads displaced by economic and technological change. As labor markets have tightened. its emphasis has shifted to the disadvantaged. MDTA consists of two distinct components—institutional and on-the-job training (OJT)—which are best evaluated separately.

(*a*) The institutional training program has built-in "creaming" tendencies since its enrollees are primarily those who have sought help from an Employment Service office. Nevertheless, MDTA institutional training is increasing its proportionate enrollment of the nonwhite, the young, the public assistance recipient, the handicapped, and those with 9 to 11 years of education. It has yet to make significant progress in serving those with 8 years of schooling or less and persons over 44 years of age. Over half the institutional enrollees are apparently drawn from families with annual incomes of less than $3,000 per year. The institutional training program probably "creams" within each disadvantaged category. However, the 70 to 80 MDTA skill centers clearly reach a more disadvantaged clientele than other MDTA projects and are probably reaching as deeply as any program except perhaps the Job Corps.

(*b*) The OJT program has never served appreciable numbers of disadvantaged and its record has been worsening in all categories. This may in part be due to recent pressures to expand it to one-half of the total MDTA enrollment, primarily to get more enrollees within the same fixed budget. Enrollment means employment and employers are quality conscious. The former administrators of the program in the Bureau of Apprenticeship and Training (BAT) were experienced at promoting apprenticeship but accustomed to leaving recruitment and selection to employers and unions. To augment the limited staff, OJT slots were contracted to trade associations who subcontracted the training to their members, or to community action agencies, unions and civil rights organizations who again subcontracted, usually with smaller employers. The trade associations have a quality bias and the community contractors, while they have the right prejudices, lack experience and competence.

(*c*) Overall, the MDTA program has a favorable cost-benefit experience. The completers have more stable employment and higher earnings after training when compared with their own pretraining experience and with control groups. Disadvantaged institutional completers still have a more difficult time finding jobs than other completers but have better experience than in the absence of training. The disadvantaged have a difficult time getting into OJT but once in have retention rates not significantly different from those of the non-disadvantaged.

In the anxiety to find jobs for the unemployed, too many have been trained for low level jobs such as nurses' aides and hospital orderlies. There are many ways in which the program could be improved, but none of them question the overall value of the program.

Enrichment of the program's services has been authorized from time to time but without commensurate increases in budget. Thus the choice has been between richer offerings for fewer and a leaner program for more. The program could be doubled in size within the limits of current administrative and training capabilities.

Skill centers are currently operating at less than half capacity. Doubling the MDTA budget with emphasis on expanding the skill center concept and directing OJT more clearly toward the disadvantaged should be a legislative priority in 1968.

2. *Vocational Education*

The Vocational Education Act of 1963 was the first major reorientation of federally supported vocational education since its beginning in 1917. Most importantly, it directed a shift in objectives from training for occupational categories to serving the training needs of people. It stressed serving those with academic and socioeconomic handicaps who could not profit from the regular programs. Federal funds, which are matched equally by the State, were expanded from approximately $50 million to $256 million per year over a 3-year period. Construction of "area" vocational schools (those serving a broader area than a single high school), more teacher education and better vocational guidance were encouraged. Closer alliance with the Employment Service was directed in order to relate training more directly to the labor market. Money was also authorized for research and innovative programs.

Some progress has been made, but largely, it would seem, for lack of Federal leadership, a promising Act has not had a substantial impact upon the status and content of vocational education. The relative emphasis on agriculture and home economics has declined (though their absolute enrollment has increased), new schools have been built, significant research has been undertaken for the first time, and relationships with the Employment Service in determining job market needs have been improved. About 1 of each 4 high school students now enrolls in a federally supported vocational program but 3 of 5 are still in home economics and agriculture. Another 1 of 6 is in office occupations which were added to the list of federally supported courses by the 1963 Act Four-fifths of the reported increase in enrollments since 1964 is accounted for by the addition of office occupations which may represent only a shift from state to federal support rather than an actual increase in enrollments. Postsecondary and adult courses reach 4 percent of the labor force.

Nothing more than pious hope was provided to encourage the desired shift from an occupational grouping to a people-serving orientation. There has been little meaningful innovation under the act and a great reluctance to adopt proven experiments demonstrated on projects financed by foundations, OEO, and MDTA funds. Training occupations still reflect more the 1917 categories than current labor market needs. Offerings for those with special needs account for less than 1 percent of total expenditures and enrollments. Program in rural schools and urban slums are limited and poor—just where they are needed most. This generally dismal picture is belied by some real bright spots but in general change has been slow and minor.

3. *Vocational Rehabilitation*

The vocational rehabilitation program each year results in the placement in competitive employment of more disadvantaged persons than MDTA or any of the EOA programs and at lower average costs. Its clientele have physical and mental handicaps rather than economic or cultural ones and surprisingly little training occurs.

The Federal agency claims a 35-to-1 ratio of benefits to costs which can be deflated, using their data, to 12 to 1. However, the program is of undoubted worth. Its particular value is an individualized comprehensive services approach involving a close counselor-client relationship. A rehabilitation plan is mutually developed for each individual and the counselor, in effect, has a blank checkbook to purchase whatever services are needed.

There is some debate among vocational rehabilitation personnel between those who favor physical restoration to eliminate handicaps and those who emphasize training and other services to make employment possible despite existing handicaps. In addition to the basic services, there is an extensive research program, encouragement for innovation and a program of grants to universities and individuals for preservice and inservice training of rehabilitation personnel. The program has favorable congressional support and expands about as rapidly as the States are willing to meet their 25-percent matching requirement.

4. Neighborhood Youth Corps[1]

The Neighborhood Youth Corps suffers from a certain ambivalence of objectives. The in-school program is straightforward enough. Its purpose is to aid the school retention of poor youth and fragmentary evidence suggests that it has worked. In schools where studies have been made, NYC enrollees do have a higher retention rate than their fellow students with essentially the same demographic characteristics. The out-of-school program provides income and employment to poor youth but appears to do nothing more for their employability than the normal passage of time would have done. Extending employment opportunities to the greatest number dictated a "lean" program with a minimum of counseling, remedial education, or skill training. This leanness could be expected to reduce the impact on the trainees' future employability. The summer program is essentially riot insurance, but there need be no apology for that as long as society insists on turning school age kids and teachers loose each summer to compete for and inadequate supply of jobs.

There seems to have been relatively little concern at the federal level with the nature of the work performed or the quality of the work experiences. No useful data are available on the nature of the "work stations" to which the youth are assigned. The limited evidence suggests that it is much easier to provide meaningful work for girls who can be interspersed with other employees in clerical activities. Attractive jobs are more difficult to find for boys and they are more likely to be assigned in work gangs in maintenance, custodial, and cleanup activities. The program provides employment and income, though some sponsors do not appear to use the "free labor" as efficiently as they might. Nevertheless, the contribution is a positive one. The relevant question is whether or not better alternatives were or can be made available.

5. Job Corps

Job Corps was misconceived to begin with, though its administrators have worked hard at making it into a viable program. The conservation centers were a political accident forced on OEO by conservation interests who had their appetites whetted by the conservation corps elements of the Youth Employment Act. The urban centers were based on the hypothesis that there were substantial numbers of youth whose home and neighborhood environment precluded their being rehabilitated without removal to a residential training situation.

The Job Corps has been plagued by an extraordinary high dropout rate but that appears to be falling. The more basic problem is that there is still no evidence that the basic assumption necessitating residential training is valid. Even if valid no measure has been developed to determine who needs residential training in contrast to the same training in a nonresidential circumstance. The evidence indicates that with residential costs included, the Job Corps costs have exceeded its benefits whereas with only the nonresidential costs included, the ratio would have been positive. Undoubtedly there is need for residential training facilities but primarily for those from areas of scattered population where the absence of economies of scale prevents mounting a meaningful training program.

6. Work Experience and Training

The goal of the Work Experience and Training Program (Title V of the Economic Opportunity Act) is to help welfare recipients and other needy adults become self-supporting. It was hoped that the work experience and training gained on the projects, as well as the additional supportive services provided would help the enrollees to find work.

Although about a third of former enrollees have secured jobs, it is doubtful whether participation in the program has significantly contributed towards their securing employment. Despite the image of second and third generation welfare recipients, employable recipients of public assistance remain on relief rolls for an average of less than nine months. Therefore, it is not unexpected that many participants in the Title V program, who average five months on a project, would secure employment upon completion or even before terminating their WE & T experience.

It would seem that most WE & T projects have provided little meaningful work experience and training. The program has probably failed to help many participants achieve self-support. One of every two relief recipients remains on public assistance rolls after terminating participation in a project and most of the funds allocated to WE & T during its first three years was expended to provide temporary work relief.

---

[1] Sar A. Levitan, *Antipoverty Work and Training Efforts: Goals and Reality*, Policy Paper No. 3, the Industrial Relations, the University of Michigan, Ann Arbor, Michigan.

While Title V leaves much to be desired as far as achieving its statutory goal is concerned, the administrators of the program could not publicly claim credit for some of its most socially useful projects. In a number of areas, Title V projects have become the employer of last resort, saving thousands of families from dire want and deprivation. Given the legislative mandate, the reluctance of administrators to claim credit for these programs is understandable.

7. Operation Mainstream

Originally introduced by Senator Gaylord Nelson as a token rural public works measure, Operation Mainstream was expanded during fiscal 1967. The program established two apparently contradictory goals: to hire chronically unemployed workers in community service jobs and to provide for upward mobility. Since the median age of Mainstream participants is estimated to be about 45 and most of the projects are located in rural areas with scarce alternative employment opportunities, it is not likely that the upward mobility goal of the program can be achieved. Mainstream projects have served as employers of last resort, paying minimum hourly rates, though in some areas the hourly rate is higher, depending upon the prevailing wage for unskilled labor. Rhetoric aside, the direct employment concept is a useful and straightforward one. The program has the unambiguous goal of an addition to the total number of jobs and incomes for those in need. Though evidence is limited and funds are scarce, the program does appear to be achieving its modest objectives.

8. New Careers

The New Careers amendment was intended to spring "credentials traps" by offering unemployed, low income persons new permanent jobs with career potential. It assumes (1) that sufficient sustained labor shortages exist in professional "human service" activities and that the use of subprofessional aides will be attractive to public and nonprofit private employers; (2) that the jobs can be broken down into components within the potential capability of those eligible, and (3) that some of the unemployed poor can be trained for these jobs. Thus far the program remains untested. Three-quarters of fiscal 1967 was spent negotiating the delegation of the program from the Office of Economic Opportunity to the Labor Department. This was completed on the eve of the CEP launching and most of the funds were incorporated into that program where, in most cities significant enrollments did not occur until December 1967.

It is currently clear that working out contracts which guarantee a career ladder with a significant number of steps is a difficult task. Considerably "creaming" to select the best educated and the most experienced and otherwise qualified from among applicants is apparent. At the same time, however, New Careerists have been hired in a wide variety of subprofessional jobs in health, education, welfare, crime control, recreation, urban renewal and other useful community activities.

Evaluation must await further experience. Communities and states have not demonstrated willingness to appropriate money to pick up enlarged portions of the costs during succeeding years. Whether this indicates disinterest or only the expectation that the "feds" will come through with continued support is not clear. There is reason to hope that, at least as long as federal funds are available, the more qualified but still needy will be provided jobs useful to both themselves and the community. Since most careers are built of a series of peripherally related jobs, whether they climp a carefully structured ladder may not be all that important.

9. Special Impact

Of the $2 million appropriated for the Special Impact Program in FY 68, nearly 7 million was allocated to the Bedford-Stuyvesant project in Brooklyn, New York. The other $18 million was used as flexible money for the Concentrated Employment Program to fill in around the more inflexible requirements of other program budgets.

The private nonprofit corporation established to administer the Bedford-Stuyvesant project split in two over internal political issues. In June, 1967 the Labor Department provided funds for a variety of programs to train workers and to attract business into the area. During the first summer, about $500,000 was used to sponsor the exterior renovation of some 500 "Brownstone" houses. Nearly

300 neighborhood youth were recruited for the program to work under 34 journeymen, many of whom were local residents. By the end of the program, almost 200 of the youth remained. About 15 of them formed three permanent companies to do renovation work, nearly 40 others took apprenticeship tests in various building trades, and over 100 were placed on jobs.

Six months after the project had begun, the corporations were reported to be having difficulty spending the rest of the $7 million. About $1.5 million was allocated for renovation of a building to serve as headquarters for the two corporations and city agencies in the area and to provide room for such activities as day care for the children of enrollees in the various training programs. A major obstacle was reluctance on the part of building trades unions to agree to the work being done by local residents, most of whom did not have union cards. The single most pressing problem in the Bedford-Stuyvesant project is still the lack of jobs. Few large concerns have been willing to locate in the area, though the new emphasis in the Urban Coalition and National Alliance of Businessmen has promise.

All 19 CEP cities received Special Impact funds. Six used the moneys for administrative costs and supportive services. The others designed Special Impact components of from 50 to 250 work experience or training "slots" each. Projected average costs per slot ranged from $3,142 to $19,600 with an average of $6,613. The proportion going to enrollee wages varied from 15 to 66 percent with a wage range from $1.25 to $2.50 per hour. The type of work varied from New Careers type subprofessional aide jobs to clean-up projects similar to Project Pride in Washington, D.C.

The Special Impact program got the same slow start the New Careers program did and no adequate evaluation has yet been made.

10. The Federal-State Employment Service

The manpower legislation of the past 5 years has had a substantial impact upon the Employment Service, so much so that the agency is quite different from the Employment Service of 1962. No longer is it restricted to referral to MDTA, Job Corps and Neighborhood Youth Corps/involvement with vocational educators and community action agencies, and its own Youth Opportunity Centers and human resources development program, the Employment Service can search out those in need of its services, enhance their employability and even provide public employment.

The Employment Service is very much in transition. By and large, its involvement with the disadvantaged has been under pressure from the national office and in response to competition from community action agencies. Its role and objectives are in a state of confusion. The Department of Labor has become a more aggressive partner in the Federal-State system. It has continually added new programs and responsibilities to the Employment Service without commensurate increase in staff and budgets. It has then failed to set priorities among the assignments, all of which cannot be fulfilled adequately and equally with available resources. There is also evidence of failure to seek and achieve concensus before major policy changes. As a result, State and local officials do not share the degree of commitment to many responsibilities exhibited by those in Washington.

Four policy objectives appear to coexist, each reflecting stages in the agency's development. Many State employment security directors and businessmen still see the agency's primary function to be providing a work test for the payment of unemployment compensation. Most local Employment Service managers probably see their agency as an employer-serving labor exchange. The more progressive aspire to the position of community manpower center, serving all occupational groups and community institutions. Current Federal emphasis is on serving the disadvantaged. Mutually exclusive elements in these objectives are apparent. "Image" with employers probably suffers in direct relation to antipoverty involvement.

Problems of salaries and training remain significant barriers to attracting and retaining competent professional personnel. As long as ES and UI are together in the Federal and State bureaus, the Employment Service will remain at the fourth tier in the pecking order of authority and prestige in the Labor Department and in a similar position in State governments.

The time is imminent when the USES budget will have exhausted the revenue potential of its Social Security Act Title III basic funding source. At that time, the issues involved in the ES–UI attachment will have to be faced and the decision will have to be made to switch partially or completely to general Treasury funding.

The Employment Service with its ubiquitous local offices is inevitably the "front line" arm of most manpower programs. It has been pressured by event into broadening its activities in behalf of many it previously could not or did not serve. It has cherished ambition to reach upward to others who have not previously sought its services. Without clear objectives it has no measure to evaluate or be evaluated by its own performance.

D. Alternative approaches

While experience has demonstrated usefulness of many of the services and functions developed within the various programs, it has not in any way sanctioned the particular organizational structure which has emerged from the series of acts and their implementation. To understand the relationships among the various alternative approaches and set rational priorities among them, an analogy first developed for the Report of the National Commission on Technology, Automation, and Economic Progress is useful. Imagine, the Commission said a gigantic "shape-up" of the kind once common on the East Coast docks with workers and potential workers queued up in order of their relative attractiveness to employers.[2] Relative standing in the line would be determined by such rational criteria as education, skill, experience and wage expectations and by employers' prejudices against race, age or sex. The lineup would not be a static one and new entrants would not necessarily go to the end of the line but would be slotted in according to their own relative attractiveness.

Using this expository device, the Commission pointed out that employers could be encouraged to reach more deeply into the queue by increasing the demand for their products. In addition, those further back in the line might, through education, training, relocation and other labor market services, be enabled to compete more effectively with others toward the front of the line. However, employers, rather than hire more of the increasingly less attractive workers, could choose to mechanize, extend overtime and compete with each other for the already employed. Therefore, as unemployment fell, progressively greater increments of demand might be required for additional reductions.

In addition to the shortages and bottlenecks typical of such periods, increased demand could be exploited by business and labor organizations to increase prices and wages. In a country characterized by geographical differences, a wide range of educational attainment, heterogeneity of race and national origin and low tolerance for inflation, price increases would become unacceptable long before a job was available for everyone "able, willing and seeking to work." If the implied promise of the 1946 Employment Act was to be kept, even in a period of low general unemployment, the Commission maintained, the government would have to guarantee public service jobs to the hard to employ.

Rationally the first priority would be the preventive one of assuring that those who enter the lineup do so with sufficient preparation to successfully compete. The next would be to assure a rate of economic growth and a level of aggregate demand sufficient to absorb all but the frictional margin of unemployment resulting from free movement into and out of the labor force and among jobs. After that would come remedial efforts on behalf of those not prepared to compete, whether because they were not given opportunity to prepare, failed to take advantage of it or because they are older at a time when educational attainment is rising and technology changing and their once adequate preparation has obsolesced. For those left over after all that, there should be an employer of last resort.

Existing programs have provided experience relevant to all these needs, but have met none of them. Federal priorities are shown by the fact that we are currently spending $4.5 billion per year on higher education, $3.2 billion on elementary and secondary education, but only $1.5 billion of it on compensatory education for the culturally deprived, only $256 million on preparation for employment through vocational and technical education and $1.8 billion on remedial work and training programs to offer a second chance to the inadequately prepared.

The school to work transition process of the American manpower development system provides reasonable preparation for employment to less than half of those who traverse it. However, with native ability and employer "make do," probably two-thirds end up with a reasonably satisfactory working career, though most could have profited from better preparation and many could use remedial help. The remaining one-third, concentrated among those who fail to complete high school, who complete a high school course of poor quality and receive no training to enhance their ability to compete and/or who suffer from environmental deprivation, are those in serious need of a remedial second chance. If these extremely rough estimates have validity, therefore, a continuing current need exists to assist one million new entrants per year in addition to an accumulated backlog of perhaps 15 million, most of whom "get by" but could profit from a "second chance" as well. How many would take advantage of a second chance at occupational preparation if available is problematical, depending on the attractiveness and convenience of the opportunities as much as the commitment of the potential recipients.

---

[2] *Technology and the American Economy,* Report of the National Commission on Technology, Automation and Economic Progress (Washington, D.C., U.S. Government Printing Office), February 1966, p. 23.

Even within existing federal budgets, significant improvements could be made if the elementary and secondary education funds were used as leverage to encourage better preparation for the world to work, the limited vocational-technical funds were concentrated on post-secondary training and the remedial $1.8 billion spent in a less fragmented fashion.

The best evidence available indicates that even at present high levels of demand, the average number of job vacancies is less than half of the average number of persons actively seeking work, to say nothing of other potential job seekers. The Subcommittee on Employment and Manpower in 1964 recommended 3 percent unemployment as an appropriate goal within the meaning of the Employment Act of 1946 and expressed confidence that, given adequate education, training and labor market services, the goal could be achieved within acceptable limits of price increase. The assertion remains untested. The current 3.7 percent rate has been accompanied by 3 to 4 percent annual increases in the consumer price index (about double the acceptable rate) but the required education and manpower program support has not been provided and wars are inherently inflationary.

Priority in remedial efforts should be given to basic education and training programs. These do not create jobs but the basic obstacle to the employment of individuals is their inability to compete successfully with other available applicants. Racial discrimination is undoubtedly a handicap but a declining one. The impacts of past discrimination resulting in poor education, inexperience and undermotivation are more troublesome. Present discrimination is probably more apparent in housing patterns which make physical access to jobs difficult. The most basic problem is apparent in the fact that one-fifth of the labor force still has no schooling beyond the eighth grade while the average is 12.3 years and the norm is still rising.

Given sufficient remedial education and adequate skill training most of the presently unemployed and unsatisfactorily employed could be absorbed into normal employment. Those who would not find success through these means would be the few whose native ability is too limited to profit by it, and who need to be sheltered from the full force of competition, the few more who are too alienated or unmotivated to believe in and take advantage of the opportunities and the many who are effectively barred from jobs by geographical obstacles or, in the case of women, by child care responsibilities.

Granted, many seem unattracted by training opportunities, but, to coin a phrase, "nothing succeeds like success." One of the mistakes of current emphasis may be insistence on focusing efforts at the bottom of the ladder. The reason for the emphasis is obvious. If there isn't enough money to go around, ration help to those most in need. There is no *a priori* reason for that choice, however. As long as assistance goes to those in need, elevating at lower cost more of those nearest the margin of employability is at least as valid as spending more per head to help fewer of those at the bottom. Creating an environment of opportunity and motivating the least aggressive by the example of those more eager to succeed may be the best approach.

The current downgrading of institutional education and training by manpower officials probably results from a combination of overexpectation, underestimate of results, inadequate resources and maladministration of the training programs. The fact that, though 90 percent of MDT institutional completers get jobs after training, 30 percent drop out and only 3 out of 4 are employed when surveyed a few months later is taken as evidence of limited success. Examination of the dropout experience suggests legitimate reasons, few of which involved dissatisfaction. It is also useful to remember that only about one half of the labor force work full-time full-year at best. High turnover is inherent in the lower margins of labor force activity. Ceilings have been set on per trainee expenditures in order to enroll higher numbers within limited budgets. The tendency has been to restrict the basic education component which, for many, may be the most important. The budget limitations plus an excessively short run approach has also led to training for jobs which really required little or no training and for which wages are low and turnover high. Adequate budgets and a longer run view would boost the underprepared into at least the entry levels of the expanding jobs which might have originally been theirs with adequate initial preparation.

It has been argued that many are not willing to wait through an institutional training stage only to be rewarded with a hunting license to search for a job. The emphasis on OJT has two bases: (1) the lower per trainee expenditures, and (2) the fact that employment precedes training. It is highly desirable to have the motivating factor of a job and wages present or guaranteed while training. The saving of training allowances is all to the good. Yet little training actually occurs on most entry level jobs. OJT expenditures are more honestly the price of purchasing a job. If the worker lacks basic education and skill, the job he can obtain without at least the first may not be of great value or durability.

The Jobs in the Business Sector (JOBS) effort is an extension of the OJT concept. Employers are to put the enrollees on the payroll first, then provide or obtain whatever training is needed to make them acceptable employees. Evidence that employers prefer employees who have been "processed" by basic education and some skill training is the fact that many of the employers participating in the new program are approaching education and training institutions to purchase those services in pursuit of their contracts.

The JOBS program has two closely related limitations: (1) like training, it does not create jobs but only determines who gets those available; (2) it will be difficult to assure that those employed are significantly more disadvantaged than those who would have been employed in the absence of the program. There is no objective measure available of who is or is not disadvantaged in job market competition. Instead the criteria used are those indicating membership in demographic groupings among whom disadvantage is assumed to be concentrated—the poor, the young and old, the undereducated and minority group members. But membership in these groups only raise the probabilities of being disadvantaged; it does not prove it. The tendency is to "cream" the best from these categories. In part, the JOBS program emerged from the disenchantment with institutional programs. With adequate funds and more effective administration, many of those who will be enrolled would have been trained and employed. To that extent, subsides to private employers to encourage hiring of the disadvantaged substitute for education and training to make them more attractive to employers without subsidy.

The subsidized jobs emphasis is also, to a degree, a response to riots, the assumption being that lack of jobs is a primary cause and their availability in an effective deterrant. The assumption is probably an oversimplification and employment programs for this purpose alone represent unduly short run objectives. Riots are more likely attributable to a complex climate of frustration in which quality as well as quantity of jobs are important but so are many other factors. Potential violence simmers below the surface of most any society but it is held in check by the commitment of the majority to law and order. The immediate participants in a riot and looting may be the idle, the greedy, the angry or just kids on a lark. The key question is, "why have the more stable elements withheld their constraints?" Probably more important than the immediate availability of jobs is the presence of a total climate of opportunity, including jobs, which create a vested interest in orderly human relations. Immediate riot control, then, is not the dangling of jobs like rewards to good children. Probably nothing but effective "restrained but firm" police action can meet the current challenge in the short run. Longer run solutions involve education, training, housing, mutual respect and jobs.

With all of this emphasis on basic education and skill training as the priority approach among manpower programs, the need for subsidized private employment and public service employment opportunities is not negated. Elimination of discrimination and provision of sufficient and adequate basic education and training would likely meet the need toward which the subsidized employment efforts are aimed. But both of these prerequisites are far from realization. After either or both have done their work, however, the fact remains that there are simply not enough jobs to go around. As long as the aggregate demand route remains blocked—and absent wage and price controls, it will always become blocked at some point—creating that climate of opportunity will require the addition of a guarantee of employment in the public sector, call it public service employment, emergency employment, employer of last resort or what you will.

Actually, the federal government has had more experience with and better evidence of the efficacy of this approach than any other. It can be more easily restricted to those truly in need; it can result in a net increase in the number of jobs; and it can provide needed and useful public services and facilities at the same time. None of these is automatic but achieving them requires only moderate administrative ability. That current work programs have largely ignored the latter is only further evidence of an unduly short run approach. One can defend any estimate between three and ten million as the number of persons who might be attracted by a public service job of reasonable attractiveness. How many would actually profit from such an approach can only be learned by experience.

SUMMARY

The manpower programs of the 1960's are a notable accomplishment, even though their immediately measurable results reflect little change in the problems addressed. More attention to preventive efforts is the priority long run need. Basic education and skill training are the most defensible remedial approaches. Public service employment is the best guarantee of minimum opportunity. To the Senate Subcommittee on Employment, Manpower and Poverty, along with the equivalent House Subcommittee, should go major credit for the achievements of these years. Theirs should also be the primary responsibility for rationalizing what they have created.

STATEMENT OF DR. GARTH L. MANGUM, CODIRECTOR, CENTER FOR MANPOWER POLICY STUDIES, THE GEORGE WASHINGTON UNIVERSITY

Dr. MANGUM. Fine, Senator. I know from experience how you like to be read to, so I deliberately prepared what I would like to have in the record, but assumed that would not say very many of those things.

Senator CLARK. You can rest assured your prepared statement will be carefully considered by all of us.

Dr. MANGUM. I first want to express my appreciation to this subcommittee, and particularly its chairman, because my very enjoyable service up here for 1 year led to 5 very interesting years in Washington since.

In reflecting a bit on my written statement, perhaps because the sun was shining as I came up the hill this morning. I am disposed to begin with a few words of a more positive nature. The written testimony is largely to an attempt to identify some of the problems we currently face. It is always difficult to strike the proper balance on such a complex subject. The emphasis on problems may come out a little more negative than I really feel.

Senator CLARK. You agree with me that while certain perceptible progress has been made in terms of a national manpower policy and its implementation, we are reasonably near chaos in terms of the full execution of those policies, or is that unduly pessimistics?

Dr. MANGUM. We are in a fairly chaotic state but that is not terribly surprising. We have been in the public education business for at least 100 years; we have been in the vocational education business for at least 50 years; we have been in the monetary policy business for a couple of hundred years; and the fiscal policy business for probably 30 years. We have only been in the manpower policy business for perhaps 6 years. It is well to remember that we are at a very rudimentary stage. This chaos that we see around us is not surprising considering (1) the newness of what we are attempting to do, (2) the toughness of the problems, and (3) the conflicting priorities we face on the national and international scene today making it difficult for us to focus resources and attention on pressing social problems.

Senator CLARK. I agree with you. On the other hand, we can't afford to be complacent.

Dr. MANGUM. That is right and is the reason I tried to focus on some of the troublesome problems. At the same time, I want to make clear my conviction that this subcommittee, its equal number in the House, and the various people who are involved in administering these programs have done a real service to the country over these years. As I look at the people who are administering these programs, most of whom I have worked with in one way or another, I see a variety of abilities and judgment but no shortage of dedication and commitment. Now having passed around those roses, I can settle down in good conscience to examining the thorns.

Senator CLARK. Maybe you ought to tell us for the record before you get rolling just what is the National Manpower Policy Task Force of which you are the vice chairman.

Dr. MANGUM. All right. The National Manpower Policy Task Force, of which I am vice chairman, is a group of academic scholars in the manpower field originally appointed by the Secretary of Labor in connection with the President's Committee on Manpower. When the President's Committee fell into disuse we continued to try to establish lines of communication with Members of the Congress and with administration manpower officials to provide whatever advice and perspective we can from a hopefully objective position.

I suppose you might say facetiously we look over everbody's shoulder and say this is the way you would do it if you were as smart as us, but we are smart enough never to get into a position where we have to deliver.

Senator CLARK. It is self-appointed.

Dr. MANGUM. Yes.

Senator CLARK. It is non-Government.

Dr. MANGUM. It is non-Government and is a private group. It is also an unpaid group. My salaried position is codirector of the Center for Manpower Policy Studies at George Washington University which is funded by the Ford Foundation.

Now, if I may review very briefly some of the manpower policy problems, it is first necessary to recognize some basic built-in problems underlying this whole field.

One of the obvious ones is the shortage of money becasue of various other priorities.

Senator CLARK. Let's just mention the war in Vietnam and the military budget.

Dr. MAGNUM. Yes. I think we realize the essential problem there. Next is the lack of experience I have already mentioned. Third, it is important to recognize the pressures for short-run thinking that exist through this and many other fields of public policy. There is always an Appropriations Committee to impress by next year and an election to face every 2 years or every 4 or 6, as the case may be. There are constant pressures to think only that far ahead. Not many people in 1961 and 1962 really thought we would still be struggling along at this stage in manpower policy in 1968 and probably we are not thinking very much now about what we will be doing in 1972 or 1976.

Senator CLARK. It seems to be chronic in all of Government, doesn't it?

Dr. MANGUM. Yes, I think that is very much built in. It is responsible for the ad hoc nature of the legislating that has gone on so that we have this great variety of programs, the proliferation and the fragmentation that Mr. Freeman lives with every day in his work with these programs working from the local level, the decisions to create new institutions rather than try to modify or reform the existing ones, to pass new pieces of legislation rather than amend old ones as we see new needs come along. This has led the whole administrative and management problem that I pointed up in my written statement which has been of crucial significance over the last year.

A year ago we were worried very much about coordination and consolidation. Right now there is probably more concern about plain ordinary day-to-day management problems, lack of staff, lack of training facilities, lack of clear policy guidelines.

Senator CLARK. There is a lack of expertise in the manpower field, isn't there?

Dr. MANGUM. Yes. Again this is a new field in which people have had to learn from scratch, as it were, over the last 5 years. When you take anyone who supposedly is an expert in this field and you scratch him very deeply you find out that 2 or 3 or 4, at the most 5 or 6, years ago he was doing something entirely different. No one has any experience that is any longer than that.

There are problems of evaluation of the programs. At the time that the programs were launched everybody was much more interested in getting people enrolled than they were in asking themselves the question, "How are we going to demonstrate our accomplishments 3 or 4 or 5 years from now when Congress asks us to defend our stewardship."

I must say that there is very significant progress being made at the moment. We don't have better data but better data reporting systems are being created so that in the future evaluation may be a much easier task than it currently is.

There are a lot of unresolved issues that I would just like to point up and then not discuss them unless it is the wish of the subcommittee. We are very ambivalent throughout the whole manpower policy and program area about the appropriate roles of the Federal, State, and local governments and private institutions in this field and we have a variety of models. Every program has some different kind of relationship and it is not at all clear which is the most appropriate. There are extremes from the traditional grant-in-aid relationship where States are given Federal money and told, "the only thing we require is that you put 1 State dollar beside each Federal dollar. Beyond that you do what you wish," to say, the OEO model which bypasses State and often local governments and goes directly to ad hoc groups in the community. There is a whole range in between these.

We have a great deal of ambivalence about whether the old line, established professional agencies such as the employment service and vocational education should decide what people need and then provide the services or whether ad hoc community groups, in which the client groups have some kind of participation in deciding what services should be delivered to them, are best.

Senator Clark. I share your concern and I agree with your analysis. Maybe you haven't completed your analysis of the current organizational and administrative problems. Have you?

I next want to get down to the solutions. I want to pick your brains.

Dr. Mangum. I think this might be a good point to spend some time on that. In the administrative area it is also important to recognize in perspective that it has taken management hundreds of years to develop its techniques. Public administration is at a much more elementary level, particularly in this field where we don't have very much experience. There is very little going on in staff training and I think this is an obvious need.

Senator Clark. Let me interrupt there again to ask do you think that Congress would be justified in directing in legislation that a certain amount, maybe 2 percent, of the MDTA budget should be set aside to conduct staff training and technical assistance, or do you think that would create an inflexible situation which would not be worthwhile?

Dr. Mangum. I think this would be very appropriate, particularly if it were kept at some such small level so that you guaranteed that a minimum would be used but leave it open for even more if the administrators think it is desirable.

I know that there has been more attention to this question within the administration lately. The administrators are probably amenable to using some portion of the funds and would welcome some kind of sanction for them doing so.

I think particularly the launching of the concentrated employment program has pointed up to everyone very graphically the difficulty of going from a good sound concept to something that really works.

Senator Clark. I have been a strong proponent, as you know, of Dr. Leon Sullivan's program, OIC, which started in Philadelphia and has now spread around the country. We hear rumors to the effect that some of the OIC's started elsewhere aren't doing very well.

I am wondering if that isn't because there is this lack of skilled manpower. Maybe that is an understatement. I suppose there is a lack of Leon Sullivans and these programs are no better than the personnel who conduct them, are they?

Dr. Mangum. This is true. OIC is a good example of two problems, one, the one you note, the personnel problem. The other is the problem of transferability of the lessons learned in particular programs and the need to identify very carefully what the crucial elements in success are.

Both in the OIC case and in the case of the jobs now program, in Chicago, a lot of people have been impressed and there has been an attempt to replicate them elsewhere. However, in both cases there was a failure to identify actually what had been the crucial element in the success in that community and the wrong kinds of things got transferred.

Senator Clark. I have come to the tentative conclusion that there is a very wide variety of local needs and requirements and that one has

6

to be pretty careful about setting down the policy or even programs which could be countrywide.

For example, I would suspect—in fact I think I know—that Albuquerque is different from Philadelphia, and Chicago is not the same as Miami. Would you agree with that?

Dr. MANGUM. Yes. This is very much the problem in finding the appropriate relationship between Federal, State, and local governments and private institutions, in who does the planning, and how it shall be done.

Senator CLARK. This gets into the whole question of control at the top, the Federal level, down to the State and locality and how the dickens you are going to leave enough initiative and flexibility at the local level to meet local problems without at the same time leaving yourself wide open to really perfectly dreadful administration and sometimes corrupted administration.

I don't know the answer to that one. Maybe you do.

Dr. MANGUM. I think we are all a little bit more modest at the Washington level than we were 5 or 6 years ago when we had the feeling we knew how to handle the country's problems. I think we are becoming more aware that, as bad as things may be at the State and local levels, we still have to help people out at that level develop the expertise. It is simply physically impossible to establish a relationship between an office in Washington and every town and hamlet in the country. It is conceivable, for instance, in a program like the concentrated employment program to maintain a direct relationship with 20 cities or 50 cities, but as we go up to 170 or so, it is going to get awfully difficult to carry on any direct Federal-local relations. We are going to have to train those people to do planning and administering the jobs themselves.

Senator CLARK. I would hazard another generalization, which I am a little suspicious of even as I state it to you, that generally speaking the level of ability at the Federal level is higher than that at the State level—with one or two exceptions the State level is pretty low—and that nevertheless there are areas where the ability at the local level is considerably better than it is at the Federal level and they are naturally intolerant of what they consider mediocre efforts or intervention from Washington.

That is pretty broad and may be very vulnerable. How do you react?

Dr. MANGUM. I think there is a lot to it. Having just spent a good bit of last year study the vocational education system, for instance, it seemed very clear that there was more innovation at the local level than the Federal level and the State level was the worse of the three.

Because they were dealing directly with the people and their problems seemed to be greater at the local level, the pressures for innovation were greater but they lacked the resources and the broader perspective that might be gained at the Federal level.

Senator CLARK. Would you comment briefly on your concept of relationship between urban and rural problems in the overall manpower field?

I think I, for example, having formerly been a mayor of a pretty big city, tend to denigrate the manpower problems at the rural level, that perhaps the State is a good check on this because even one-man, one-vote in most State governments I think is oriented in favor of rural communities against big cities, which is again perhaps a generalization which is not entirely fair, but how do you see the rural areas in connection with manpower problems?

Dr. **Mangum.** Despite being a country boy I really think that the urban areas have to take the priority at this point in time perhaps only because the problems, though not greater, are more concentrated at that level, and more troublesome.

Certainly there is more poverty percentagewise in the rural areas, as we all know, but I think there is a different nature or climate when you concentrate these kinds of problems. Certainly they are more troublesome from a public policy standpoint when people with a common grievance are tamped into a very small and explosive area.

It is, of course, much more difficult to get the services out to the rural areas because you don't know who you are dealing with. You don't have any organization.

Senator **Clark.** I think one of our major manpower problems is to create employment opportunities in rural areas in order to reverse the rather frightening tendency of poverty-stricken rural residents to come into the cities and just exacerbate what is going on there.

Dr. **Mangum.** This problem has been attacked at two levels. It is a very difficult thing, as you know from your work with area redevelopment and the problems in Pennsylvania, to get private jobs into those areas.

On the other hand, with your proposal for public service employment, it is really much easier to conceive of the kind of work that people would do in rural areas than it is in the urban areas. That kind of public service employment program could work very effectively in a local area.

Senator **Clark.** You may get back to your trend of thought. I am sorry to interrupt you.

Dr. **Mangum.** No; I am only seeking to explore the areas of most use to you. Another of the policy areas that is certainly worth exploring and in which we are very much ambivalent, is the relative desirability of digging to the very bottom of the ladder for the most "hard-core" problems or working somewhere near the marginal level we can spend less per head to lift people over that margin and therefore deal with more people or go to the bottom and spend more per head and therefore be able to deal with fewer people.

Senator **Clark.** I guess we agree that you have to do both but since we haven't got enough money I suppose at some point you have to take a priority.

From a politics point of view one of the most frustrating things is to see the wide variety of jobs for which no takers can be found and if you are going to find takers for the jobs that are available you almost inevitably, don't you, maybe not, start at the top of the skill levels of the unemployed as opposed to going down to the bottom where the capability of training somebody for the kind of job which is open is rather difficult.

Dr. **Mangum.** We started out in 1962 working from the top down. The last 2 or 3 years the effort has been to bypass several layers and get down to more hard-core problems.

However, no matter what categories are set up, there are always built-in tendencies to cream off the top from that category.

Senator Clark. Because you can make a much better record by doing that. Also it is the easy way out. I am very skeptical about the extent to which you can train the utterly unskilled for available jobs although obviously we have to try very hard.

Dr. Mangum. It seems to me there is not really a prior reason for doing one or the other. One can make a good argument for dealing with people farther up the line but who are still in need of help. This may create a favorable climate of opportunity by demonstration effects. Through basic education and skill training and other manpower programs, the move motivated may be moved up and some of the less motivated inspired to try the same route.

Certainly it is possible to deal with more people at that level. On the other hand, there are strong political arguments for dealing with the toughest problems first. Some balance is obviously necessary, but I am skeptical about efforts to push too deeply down to the bottom of the ladder.

Senator Clark. Would you comment at this point—I think it is relevant—on the impact of the President's JOBS program which I would suspect would not reach very many hard-core unemployed.

Dr. Mangum. In the first place, it is not designed to meet very many. Five hundred thousand sounds like quite a few, but only if you think about it as a point in time figure. We are not talking about point in time. We are talking about 500,000 over a 3½-year period. In a labor force of 80 million with a large backlog of disadvantaged, with about 3 million people entering every year, some of whom are added to the hard core, even if completely successful with 100,000 a year, I suspect we would never even really notice the difference.

Senator Clark. The JOBS program is a pretty small pebble in a pretty big pond.

Dr. Mangum. That is right. I think it is a very useful experiment. It is something that ought to be tried. I suppose it is only to be expected in the world in which we all live that, in an election year, any small experiment has to be made to look awfully large and awfully important.

Senator Clark. I don't think you gave me, did you, a specific answer as to whether the OIC's around the country as a whole aren't doing there as well as the one in Philadelphia.

Do you happen to know?

Dr. Mangum. Yes, this is true. OIC was picked up largely as a training program, with the feeling any training program run by a Negro Baptist minister would go. But in Pennsylvania, there had been a consumer boycott in the background to put pressure on businessmen, there was the feeder program and the charisma of Rev. Sullivan and many things that turned out to be nontransferable. They vary widely. Some are not doing anything. Some are doing pretty good, but none has come, so far as I know, to the Philadelphia level.

Senator Clark. The way my mind is going, a Baptist minister, Rev. Sullivan, and that type of leadership, will be able to exhort and to motivate really a splendid group of people who are ready for training and may get indoctrinated, oriented, and then they run into a log jam in terms of the on-the-job training when they go to industry, and the best motivation and compassion in the world is undertaken to give these people jobs and train them.

Is this about where the trouble comes or have I not diagnosed it correctly?

Dr. MANGUM. Obviously the kind of approach in the Jobs program where a person is put on the payroll at the time he is enrolled provides him all kinds of motivation not present in the usual institutional training program where you train him and give him a hunting license to go out and hunt a job. But on the other hand, if you start talking about really large numbers, it becomes extremely difficult to conceive how you would operate a Jobs type program.

It is one thing to establish a direct contractual relationship with 50 employers or 100 employers, but if you start to think about hundreds of thousands of people and how you would have a Federal contract with individual employers to take on so many disadvantaged, then it seems to me the only reliance is the same mass attack we use in our school systems.

A mass program has to build institutions like the skill centers, realizing that the people who will get into those institutions will be the most motivated but probably the only ones you can deal with on that scale.

Senator CLARK. Are you saying in effect that on-the-job training has a limited utility?

Dr. MANGUM. On-the-job training in this context where you contract with an employer to take on a particular group of disadvantaged people I think is relatively limited. Since we are operating on a very limited level there is no great difficulty, but I think the major reliance over the long run has to be on institutional.

Senator CLARK. Public service.

Dr. MANGUM. Yes, and it strikes me that it is probably unfortunate that we seem to be downgrading at the moment the institutional programs. There is a feeling that they haven't provided motivation, have not done the job.

One of your staff members provided me with the questions and answers that you sent to Secretary Wirtz and he had sent back and I was impressed in reading these over that in general the Labor Department has been very forthright in answering what were some very difficult questions, but there was one answer I found, though certainly completely truthful, somewhat misleading in this context.

This is a question in which I was interested because I gathered that the question had probably been picked up from some of the things I had written suggesting that the skill centers were very much under utilized that had been established under MDTA. This is an illustration of the move away from institutional.

Where during fiscal 1967 there were about 175,000 people actually enrolled in MDTA institutional, probably this year it will drop to about 125,000 and probably next year it will drop to about 100,000. Yet there will be no change in the number of slots authorized. The high point reached in fiscal 1967 was the result of having some accumulated funds from 1965 and 1966. The point is that we have the capacity to operate at the higher level but will be operating at the much lower level. The skill centers which have been very successful will be cut back from 80,000 enrollment to 28,000 or so.

Senator CLARK. In other words, cutbacks have reduced the capacity of the skill centers and the Labor Department is technically correct when it says there is no evidence to indicate that skill centers were below capacity.

The fact of the matter is they have a potential of capacity much greater but they haven't got the money to finance them, is that it?

Dr. MANGUM. They are far below the actual enrollments that they have had at earlier points. It is not a matter of reduced capacity. The training stations are there but the money to fill them is not. Again it is a matter of judgment and priority. We have to recognize that a dollar spent in one place can't be spent somewhere else. If we conclude we should move in the direction of on-the-job training, then that means we have to move away from something else, in this case institutional training.

Senator CLARK. As you know, there is a friendly argument and discussion going on within the subcommittee and also the Secretary of Labor as to the priority of public service employment as opposed to private employment and I think it is almost natural, almost inevitable, in view of the philosophies which members of the subcommittee live by that most Democrats think that we ought to have an expanded public service employment program and most Republicans think private industry can do the job.

I would like to see both done. Particularly in view of the fiscal limitations we have to make some decisions on the subcommittee on priorities.

I have no doubt that we will hear from Mr. Freeman later and I certainly want to give him his fair opportunity to state his position. Tell me if I am wrong, Mr. Freeman, with respect to the emphasis which should be put on private as opposed to public employment.

Go ahead, Dr. Mangum.

Dr. MANGUM. I think I might continue in that same vein too. This question of priorities gets to be awfully important if we try to think about a manpower development system of some type and try to take a longer range view of the capability we are trying to build.

To me it seems obvious that the first priority ought to go on to prevention, keeping people from getting into the kinds of job market problems that we are trying to remedy at this point. We haven't done a great deal at that level.

The Elementary and Secondary Education Act had this somewhat in mind in giving people better compensatory education so that ultimately they might function better in the job market. Whether this is going to work out is unclear but it seems to me it would have been very well to have focused that roughly a billion and a half on two things: preschool education and more occupationally oriented education at the elementary and secondary levels. Using that $1.5 billion for prevention would do an awful lot to reduce the load on our remedial programs later on.

Senator CLARK. One of the problems with public service employment is that everybody hopes it is temporary. It probably can't be temporary. Also in terms of the skill centers and training as opposed to on-the-job training, once you get them trained the public service doesn't seem to be too effective in finding jobs for them and not too good at finding jobs themselves.

Therefore you have a lot of frustration of individuals who spend an awful lot of time finding a skill and no job, whereas in a somewhat smaller group if they are subject to on-the-job training they have a far better chance of getting the job in the long run.

Is that right or not?

Dr. MANGUM. At least in the immediate sense because the job is part of the training. If I might follow through on that, I would like to spend some more time on these priority questions.

After prevention, the next important element, which produces the problem you are referring to, Senator, is that there are not enough jobs to go around even at the current level of economic activity. The best evidence we have, and it is very poor really, is that there are probably about twice as many people looking for jobs as there are job vacancies.

Senator CLARK. That was the fundamental basis on which we drafted the Emergency Employment Act which we are now holding our hearings on. I am glad you agree with us.

Dr. MANGUM. Yes; this is a basic difference between the public service employment proposal and the proposal for private employer involvement and the proposals for skill training.

The public service employment approach does create additional jobs, at least if it is reasonably administered, whereas the subsidized private employment approach will reallocate existing jobs.

We will say, "instead of the job going to this guy, let's give the job to that guy," but it is not going to increase the total number of jobs. Training of course has the same effect.

Senator CLARK. It will, will it not, increase the total number of jobs if you are operating in a full employment and this gets me into perhaps a little out of order, that vexing question of the impact of full employment on inflation.

A very able and skillful economist who is very much interested in foreign trade and the status of the dollar comes to see me about twice a year and is very, very worried about the balance-of-payments problem and protecting the dollar, and the reaction of the European central banks and businessmen to the alleged lack of discipline and creating a difficult fiscal condition, and of course he is a skillfull economist who has spent his life advising clients in the international trade business, but the thing that frightens him more than anything else is full employment.

An indication of full employment just gets him scared to death from the inflationary point of view. I wonder if you would look at this somewhat differently and would care to comment on that.

Dr. MANGUM. All right. I might start with the reminder that your subcommittee recommended about 1964 that 3 percent unemployment ought to be our employment target.

Senator CLARK. We never did get to it, did we? At least I didn't see it.

Dr. MANGUM. We got down fairly close to it, but let me remind you that the subcommittee at that point said they felt that with the proper mix of manpower programs to ease some of the pressures of labor shortages and that sort of thing, a 3-percent level could be achieved within manageable limits as far as inflation was concerned.

This has not been accomplished at 3.5–3.7 percent. Prices have been rising between 3 and 4 percent. The projection of the subcommittee in 1964 was that 3 percent unemployment could be achieved with a 2 percent or less annual price increase. However, two essential things have to be kept in mind:

One, we never did get that package of manpower programs. Those we have are operating at a very low level, about 300,000 people enrolled at any one time in a labor force of 80 million people. The other point is that the subcommittee was talking about a peacetime situation and wars are inherently inflationary. We really don't know at this point what we could do at 3 percent in peacetime if there were the proper mix of manpower programs.

It seems to me from the standpoint of this is the direction that those of us whose priority is on employment would like to push—to push gradually downward, adding always the manpower labor market services that are needed to allocate the labor force most efficiently.

Senator **CLARK.** I take it from what you said that you as an economist are not particularly concerned about the inflationary impact of full employment. Of course that is a big term.

Dr. **MANGUM.** Full employment under the ideal situation. I would read our current problems as not being problems that are the creation of full employment as such. The high levels of employment and the inflationary problems come from the same causal factor, the war, but we could have full employment in a different kind of situation without as much inflationary pressure.

Senator **CLARK.** I have been impressed as a rather primative figure on the subject by an article I read on the sports page of the Philadelphia Inquirer the other day and not a source of much economic wisdom but I would like to get your comment.

He pointed out that in 1931 Babe Ruth got a salary of $80,000 a year. He paid $11,000 in income tax and he didn't have any social security taxes or anything of that sort so his take-home pay on his $80,000 was in excess of $65,000.

Last year Willie Mays got a salary of $127,000 a year and you can imagine what happened to Willie after the tax boys, and social security boys, and everybody else got through with him. The statement was made in this article that in order for Willie to have as much take-home pay in 1967 as the Babe had had in 1931 he would have had to have a salary of $454,000.

I haven't done the Internal Revenue Service and Social Security Service figures on that, but I suspect that is fairly close to right. If this is the case, then is it not true that we have had a perfectly extraordinary inflation since 1931 and really haven't quite recognized it is going on, and everybody sort of soft peddles it.

Of course in the meanwhile we have had two wars, World War II and the Korean war and we came out to some extent of a depression. Isn't this kind of a thing rather redlight in terms of being quite concerned about the savings and the purchasing power of those of our people who are living on social security payments and things like that.

Dr. **MANGUM.** No, I think not, Senator. The basic problem that reduces Willie Mays' income over the Babe's is not a question of inflation. It is a question of taxation. I would only say that the year Babe Ruth made that sum I was being raised on a sharecrop farm. So were a lot of other people around this country who don't look at 1931 as the good old days.

Senator **CLARK**. The article pointed out that the price of everything Willie had to pay was perhaps twice or maybe more than what Babe had to pay.

Dr. **MANGUM**. That is a different point. Just off the top of the head I would say the 1931 dollar is probably worth about 35 or 40 cents now. That is about the rate of inflation.

Senator **CLARK**. Willie has to pay almost three times more for what he buys than Babe did.

Dr. **MANGUM**. Between two and a half and three times but remember that average real incomes, the average standard of living, has also risen two and a half times since then.

Senator **CLARK**. What are prices rising at now? Three to 3½ to 4 percent?

Dr. **MANGUM**. Yes. If prices rise at 3 percent a year, they double in about 24 years at a compounded rate. We have been living with inflation in the United States ever since we have been keeping records way back into the last century. We have much better experience than most other countries.

If we leave aside the last 2 years, plus 1947, 1950, and 1955, our postwar experience really has been remarkably good.

Senator **CLARK**. Despite being involved in Vietnam.

Dr. **MANGUM**. The 1950 was the Korean war, 1947 was the release of World War II price controls; now we have Vietnam. The only really bad inflationary year that wasn't a result of involvement in war was 1955 when we had a capital goods boom that pushed prices up very rapidly.

Senator **CLARK**. In those days we were committed to changing economics and the Government sort of left everything to the private market and inevitably at some point it was going to get out of joint, so it seems to me.

I have taken you on a long digression. Let's come back and get you back on the track.

Dr. **MANGUM**. All right. In terms of priorities then it would seem to me that these would run to preventive programs, to efforts to keep the overall levels of employment as high as possible, and hopefully some day in absence of war we will have a chance to really work on that.

Then it seems to me that remedial programs, those programs that provide basic education and skill training, need to have the next greatest emphasis. It is in that regard I would applaud this subcommittee for its effort in behalf of the Manpower Development and Training Act. This has certainly turned out to be the most clearly successful of any of the manpower programs that we have to this date. It is operating considerably below capacity and if there were more funds available they ought to be put into this particular area. Even with the hardest core unemployed, if we were to provide complete opportunities for basic education and skill training for all those who lack them, enough of the people who are not currently able to compete for jobs would become able to compete effectively that many of the others would in turn be motivated to try.

I have been quite impressed, for instance, that in some of the skill centers around the country the graduates have even developed their own alumni associations, coming back to the schools to work on a tutorial basis with some of the kids who are having trouble. They say, "We got our chance through this program. Here is your big chance. Take it and go down this road."

The current effort to subsidize the private employment of the disadvantaged is a very useful kind of an experiment but we certainly don't have enough experience at this point to know how well it will work out.

To some extent it is a substitute for having enough resources to really do the basic education and skill training job. We can't give people what they need clear up and down the ladder. So we say, "let's forget a lot of people higher up and near the margin and go down to the bottom where the only thing we can do is either provide them public service employment or to subsidize their employment by the employer."

The problem we have with the subsidized private employment approach is that the employer is going to have an interest in getting the very best people that he can. They may not be appreciably different than those who could have been trained.

Finally, I end up with the public service employment area. It seems very clear to me that if the employment act means anything, there ought to be a guarantee of employment opportuntities for everyone who seeks them, that there needs to be a floor under employment. There ought to be all kinds of efforts to make it possible for people to move up from the floor into the more competitive parts of the economy, but the level of effort that you recommend in your bill, 2.4 million people, doesn't seem to me to be at all beyond the mark in terms of the numbers of people who even at current levels of employment need that kind of a guarantee.

Senator **Clark**. Do you have something else, or does that pretty well sum it up?

Dr. **Mangum**. There are various areas that I could comment on, Senator, in regard to the various pieces of legislation. Just let me mention one or two.

Again a reminder of earlier work of your own subcommittee, in 1963 and 1964, one of the areas the subcommittee explored was the desirability of tax credits to encourage employers to do more training than they were currently doing.

I note that that is still a question involved in some of your legislative proposals. I would suggest that the same problems that led this subcommittee to be a little bit restrained in its 1964 report and say, "We think this should be explored but we are not sure how it will work out," are still there. The basic problem still remains. If you want employers to simply do more training and you don't care what kind of training or who they train, but just want more training, then a tax credit approach is probably a very effective way of doing it.

If you try to focus those efforts and say, "We want you to have a tax credit only if you hire and train these certain people who have these certain characteristics," then it gets to be a very difficult thing to administer.

It is kind of a blunt instrument to do that kind of a scalpel job with.

Senator **Clark**. Naturally then it comes to the heart of the corporate tax measure. In other words, it has a motivation in terms of getting solid business support behind manpower training and employment efforts, which very little else does, in terms of self-interest.

Dr. MANGUM. For one reason, I think they are somewhat unrealistic in thinking that if they had this done on a tax basis nobody would be coming around to bother them about checking records and all that.

Senator CLARK. Yes.

Dr. MANGUM. The IRS or somebody has still got to see that that person who was hired and trained was really indeed the person that there was a public interest in having hired and trained, not just that somebody got trained.

Unless we train the competitively disadvantaged we haven't really bought any social service out of the tax rebate.

Senator CLARK. I think I ought to ask you to comment to a matter in your outline here, No. 3, manpower programs and riots, unrealistic expectations.

I wish you would say a few words about that.

Dr. MANGUM. All right. I think this is again an illustration of the rather short-run approach we seem to be taking to a lot of our policy making at the moment. Because we are all very much troubled by the unrest in the cities, we search around for quick cures to the problem. Since one of the obvious problems is jobs, we conclude that if we can provide jobs for the people who are rioting, maybe things will go differently.

I think this is an oversimplification of the basic problem. There has been a lot of evidence accumulated both by the Kerner commission and earlier by the Labor Department to suggest that the people who have participated in the riots, and particularly in the looting, are not necessarily the most disadvantaged, the poorest educated, and all the rest.

The Kerner commission's profile of the rioter showed him to have somewhat better education, somewhat more employment experience, and somewhat more skills, than the average in those same communities.

Senator CLARK. Often holding a job.

Dr. MANGUM. Yes. In fact, in Detroit, out of the people arrested, whether it was because they were the most greedy or the slowest runners, the people who were arrested were, most of them, employed, I think about 75 percent, with a median income of about $115 a week.

I would only suggest therefore that, like everything else we are talking about, the riots are a very complicated phenomenon, probably more the result of a whole series of frustrations, a lack of opportunity, than one particular cause. What we really have to do is create a climate of opportunity in these communities that can't be done just simply by dangling shortrun jobs in front of people. We must create a whole range of opportunities, including good schools, good housing, access to skill training and remedial basic education for those who missed their chance the first time around, public service jobs, the whole bit, rather than any simple short-range approach to this.

Senator CLARK. I have two or three more questions and then we will turn to Mr. Freeman. You say on page 15 of your statement that the Vocational Education Act has not made a substantial impact upon the status and content of vocational education.

MDTA institutional training is run by the same people. Haven't the lessons learned there been transferred to the regular voiced programs they also administer?

Mr. **Mangum.** Some have. I think there is a notable difference in vocational education because of the involvement of MDTA but there hasn't been as much crossover because they tend to be operated in separate worlds. The people running institutional programs in MDTA are by and large vocational educators who have been hired to do the MDTA job. We have said, "here is money that can be used only for this purpose" and they take it and do a pretty effective job.

I think the basic mistake Congress made in the Vocational Education Act of 1963 was to set some new admirable objectives for vocational education, give some more money for it, but fail to tie the two together. People could go on doing what they had always done with the new money or they could do the new things.

With apathy and inertia being what it is in any institution, the tendency is to do the same old thing. I would hope, not this subcommittee but another you serve, on the Subcommittee on Education, in considering the Vocational Education Act will take that into consideration.

Senator **Clark.** If vocational rehabilitation is taking more disadvantaged than MDTA with the benefit-cost ratio of at least 12 to 1, wouldn't it make good sense to provide this kind of individualized service to the socially disadvantaged as well?

Dr. **Mangum.** There are a lot of good lessons to be learned from the vocational rehabilitation approach. The main one is the 1-to-1 counselor-client approach so that each disadvantaged client has somebody who works directly for him in bringing to him all of the services that he needs to be rehabilitated.

You can't however, compare them completely. To become a vocational rehabilitation client, success must almost be assured in advance. The vocational rehabilitation program has far more people eligible to be rehabilitated than it has the funds to work with. The approach is to examine the people, find out who is rehabilitable, then making a finding that, yes, if we provide the services this person can be made employable and get a job.

When that decision is made the success is almost built in. If we had enough resources to deal on the 1-to-1 basis with people in other programs, it could do it or, be done, on the other hand, if we were willing to be hard-nosed enough we could say, "All right, we are only going to select those who we know darn well can be successful."

The main thing here is recognizing that we should be taking an individual or a mission orientation rather than a program orientation to the people, providing them with the combination of services they need rather than the particular services that are available under the individual program that we may be administering.

It is part of the problem of this fragmented approach to manpower programs. In effect and to some degree, each program administrator is like a mechanic with only one tool in his kit, whatever the job he has to apply that tool to the problem rather than look through his tool kit and find the tool that fits the particular problem.

Senator **Clark.** Would you comment on the experience of the out-of-school neighborhood youth core program which it is charged by some only perpetuates the nonskilled status of youth during the period when they ought to be acquiring some skill.

Dr. **Mangum.** I think it is clear that the out-of-school program has not made any appreciable difference in the employability of people.

That doesn't mean that it hasn't been important. It has provided people with jobs and income at a time when they are poor and idle, but the question is whether something else could have been done better for them.

Could they have been spending that same period of time, for instance, in an MDTA skill center or some place where they were getting basic education and skills.

The administrators of the NYC program, knowing that their money was limited and that there were an awful lot of kids to be served made a deliberate decision that they would have a lean program.

Senator **Clark**. What type?

Dr. **Mangum**. A lean, LEAN, and therefore as low cost as possible to get the maximum numbers enrolled. As a result no basic education or skill training to speak of was provided. It has really therefore worked out to be largely, as my colleague Sar Levitan has called it, an aging vat in which people spend some of those difficult teenage years before they get old enough to become employable just because of the passage of time.

Senator **Clark**. You say in your statement that we have no manpower policy. I think I agree with you. You also say, and I think I agree with you, "There has been excessive resort to gimmicks and attempts to devise instant policies for instant success."

This gets back almost inevitably into the can of worms resulting from the overlapping of Federal, State, and local problems. Can't we pull this thing together in an integrated tidy way, or is it just too messy?

Dr. **Magnum**. It could be a lot tidier than it is. There have already been some improvements. The delegation of some of the EOA programs to the Labor Department has to some degree centralized things at the Federal level so there is not as much a proliferation today as there was a year ago or 2 years ago. The CAMPS system, the cooperative area manpower planning system, at the local level has a lot of promise if it doesn't fall apart. It is threatened a bit at the moment as a result of disillusionment at the local level.

The idea is to make the best of a bad situation—"there is such a variety of Federal agencies and Federal programs coming down to the local level, let's get all of the administrators of all those programs at the local level together and let them plan in concert." It would be much more sensible if they didn't have to face this proliferation, but since they do, they should plan in concert at the area level. Then they are supposed to come up to the State level and put those area plans together and so on at the regional level.

There has been a great deal of disillusionment, however, for two reasons. One, the local people feel that the Federal people have not acted in good faith by launching programs like the concentrated employment program and the JOBS programs outside of the CAMPS structure.

The other problem is probably more basic and difficult to handle. It is that with limited funds and with the existing funds each year tending to get earmarked for something that was being done last year, the people who are participating in the CAMP systems at local and State levels feel that they have no decisions to make. They have no money to spend. They have no flexible discretionary money that they can make decisions concerning.

They say, "Why go through all this exercise just to inform each other of what we would like to do if we had the money to do it."

If it is going to really work out, some decisions have to be available to people at that level to make so they can feel that the exercise was a useful one.

Senator **Clark.** I think it is probably a foolish effort to summarize and ask you to comment on it. The three principal unsolved problems, with our variety of manpower programs which are operated today are, first, inadequate skills among those who are running the program, second, inadequate organization of programs, and, third, not enough money.

These are probably all long-range problems which won't be solved overnight. As you point out, we have been at this for hardly 6 or 7 years but the roads which we should be taking to bring those problems under control are, first, requiring that a perceptible, if not a significant, amount of the available money should go into the training of personnel in the skills necessary to administer manpower programs, secondly, a drastic and continuing effort to organize the administration of the programs on some sensible administrative basis—I don't know what—at the local, State, and Federal levels with all the frightening problems of intralevel organization of administration, by which I mean in terms of Federal participation, a variety of agencies charged with some part of the manpower policymaking and programing, and similar problems at the State and local level, and the provision of substantially more money from the Federal Government because there is very little capability of either the local or State government putting any significant amounts of money in, the capacity to supply funds by private, nonprofit civic organizations is extremely limited, and we are not going to get anything important in the way of funds from private industry which is not directly or indirectly supplied by the Federal Government.

Do you want to comment on that?

Dr. **Mangum.** Yes. I think this sums it up well. I am reminded of several other things.

Senator **Clark.** What did I leave out?

Dr. **Mangum.** I am reminded of other things that have been done to improve the administrative structure, some by this subcommittee last year in some of the changes in the Economic Opportunity Act. I am also reminded, having made earlier recommendations that I still think are valid, that one of the great improvements we could have at the Federal level is one department which deals with all of these programs. We would still have an awful lot of problems but that would minimize them. Another thing I would like to stress more, though it certainly applies to what you said, Senator, is continuing an evaluation in which we identify what is working and what isn't working and then put your moneys on the things that are working while we modify the things that aren't working. Some of the areas with which we have had the most experience and know work are tending to be neglected. We know that basic education is important and works, we know that the skill training of MDTA has worked and has had a favorable cost-benefit experience, we know that the public service employment approach works because, regardless of its controversial nature at the moment, we really have had more experience with the public service employment approach than we have with anything else in the manpower area. I would like to see us do more in these areas. I would strongly urge passing the extension of MDTA. I would also strongly urge that the moment there are funds available for that purpose—in fact I would recommend taking moneys from other purposes—that we double the input into the MDTA institutional program, particularly the skill centers, because we do know we have the capability there, and we do know that we have the people there to at least double the current enrollments. That ought to take a high priority it seems to me at this point in time.

Senator **Clark**. If you were to write your own ticket on how much money could be usefully spent on manpower and unemployment problems in the United States in fiscal 1969 would you pull a figure down out of the air?

Dr. **Mangum**. If it is going to have to all be spent in fiscal 1969 it is not such a terribly difficult problem because you can't spend an awful lot more one year than the previous one.

Let me put it this way. Taking for the moment the existing funds, where would I put those and then where would I make some important additions? If it were left up to me, I would use the Elementary and Secondary Education Act funds for more employment-oriented kinds of preparation than currently. I could go into a long dissertation about exactly the kinds, though there are some references to it in the testimony.

Senator **Clark**. Does this mean greater emphasis on vocational and technical education?

Dr. **Mangum**. Not at the elementary and secondary level. I am not talking about that as much as early orientation to the fact that some day there is going to have to be an occupational choice made, that there is going to have to be preparation for employment, not necessarily preparation for a particular job. This I wouldn't do—certainly not in the elementary school and for anybody that I would get to go beyond high school I wouldn't do it at the high school level—but there is an awful lot that can be done in using employment-oriented training as a motivating core around which to build general education. But I can't go into great detail on all that.

We only have $256 million in vocational education and I would put all of that at the postsecondary level.

I think that part should be beefed up because this is the preventive area. When you recognize that we have remedial programs at $1.8 billion, that the Federal Government is spending $4½ billion on higher education and $3.2 billion at the elementary and secondary level but only a quarter of a billion dollars on a preventive program to give people skills before they enter the labor market, it seems to me that needs to be beefed up.

With our current $1.8 billion for the remedial work in training programs, my own choice would be to allocate a lot more to basic education and skill training. Talking about 1969, I would say double the basic education and institutional skill training elements, continue to experiment with the on-the-job elements at about the level that are being planned for the next year or two until they prove themselves, and then get a big chunk of money for public service employment—whatever you can lay your hands on.

I think that considering the current constraints, we could mount a program in a relatively short time to more than use all the funds that it is at all reasonable to think might be provided.

Senator **Clark**. I take it you endorse, then, the bill, which in the theory you are testifying on, S. 3063, the Employment and Training Act of 1968, sometimes called the Emergency Employment Act.

Dr. **Mangum**. Yes. This is a proposal which has been endorsed by every public commission and every task force that has been appointed over the last few years since it was first recommended by your subcommittee 4 years ago.

Senator **Clark**. Unfortunately, we have yet to get an endorsement from the administration.

Dr. **Mangum**. Beyond the problem of the budgetary constraints as a result of the war, there seems to be a built in consensus that this is one very badly needed element of the total package of manpower tools available to us.

Senator **Clark**. You would therefore also endorse the extension of the Manpower Development and Training Act of 1962.

Dr. **Mangum**. Very strongly. Having spent the last two and a half years full time trying to evaluate these programs, I can say without any doubt that this is clearly the most defensible program of all. It has had the most positive achievements. It certainly ought not to be downgraded and obviously ought to be extended.

Senator **Clark**. With your views on just what we have been talking about, S. 2938, what are your views on S. 3249, Senator Javits' National Manpower Act of 1968?

Dr. **Mangum**. I don't have it in front of me. Maybe Mr. Freeman has. I have read the bill and some of the areas I have questions on. Others I am generally favorable to. I have already expressed some doubts about the tax credit approach.

We certainly need the job vacancy statistics. We certainly need the community employment approach. I would tend to stress public service employment somewhat more than employment in the private sector simply because we have less experience in the latter area and we have a great deal of experience about the former one.

In general I would say that beyond the concern about the effectiveness of the tax credit approach, most of the things in there I would be amenable to.

Senator **Clark**. Thank you very much, Mr. Mangum, for a most helpful hour and a quarter of testimony. Mr. Freeman, I am going to take about a 5 minute recess. I have to make a phone call and check the floor. We will be back by 11:25.

(A brief recess was taken.)

Senator **Clark**. The subcommittee will resume its session. We are very happy indeed to hear from Mr. David Freeman. I guess it is Dr. David Freeman, isn't it?

STATEMENT OF DAVID FREEMAN, EXECUTIVE DIRECTOR, WASHINGTON METROPOLITAN AREA JOBS COUNCIL, INC.

Mr. **Freeman**. Well, I never use it.

Senator CLARK. Mr. David Freeman, executive director of the Washington Metropolitan Area Jobs Council, Inc.

Mr. Freemen, we are very happy to call you at the request of Senator Prouty, the ranking minority member of the subcommittee, and also I understand at the request of my colleague, Senator Hugh Scott. We will put your prepared statement into the record and I assume you can hit the highlights of it as we go along and I also assume you don't mind being interrupted either.

(The prepared statement of Mr. Freeman follows:)

PREPARED STATEMENT OF DAVID FREEMAN, EXECUTIVE DIRECTOR, WASHINGTON METROPOLITAN AREA JOBS COUNCIL, INC.

Like most complex metropolitan areas of America, the District of Columbia has been a point of concentration for many funding sources and for many public and private users of funds directed towards various means of developing the people and the resources of the inner city. The metropolitan area, of which the District is the core, incorporates all the problems of the other, urban centers of America. And it has a few peculiar to itself. We sit on the traditional North-South philosophical and economic border of the United States; we comprise three separate state jurisdictions; the District has little of its own authority or revenues with which to enter into cooperative arrangements involving its adjoining jurisdictions; in the states of Maryland and Virginia there are separate sub-jurisdictional regions, principally the counties of Montgomery and Prince Georges in Maryland; and in Virginia, Fairfax, Arlington, Loudoun, and Prince William Counties, as well as the Cities of Alexandria, Fairfax and Falls Church.

The City center has become distinctly sub-standard in housing, education and economic wealth in contrast to the outer reaches of the District and the vast suburban areas of adjoining Maryland and Virginia included in the Bureau of Labor Statistics "standard metropolitan statistical area".

As result of the attention focused by the Economic Opportunity Act of 1964 and the subsequent expansion of the Manpower Development and Training Act beginning in 1965, funds have been pouring out in recent years to many for-profit and non-profit, government, quasi-governmental and private organizations, as contractors and subcontractors for a proliferation of programs and projects. The situation has been utter chaos. In the areas of employment and manpower development, counseling, training and referral, the employers have been confused and the potential employees have been utterly confounded by the spawning of new groups and sub-groups who overlap and operate in a totally unconnected way. Duplication and overlap of effort has been inevitable, while growing numbers of our population apparently remain "unemployable" or underemployed.

The Washington Metropolitan Area Jobs Council was specifically created to respond to the situation and to bring out of chaos a sense of cohesion, order, cooperation, communication and a concerted front to meet the manpower development project needs of metropolitan Washington. Among our stated, Corporate purposes are to identify gaps in present manpower programs, coupling and cross-funding such programs so identified to the extent needed and feasible so that they complement and supplement each other; and, to develop within the total manpower needs of the area an accurate and acceptable definition of each agency's functional role, realigning manpower programs within present statutory limitations and by mutual agreement.

Functioning as a non-profit, private entity, the Council has grown steadily over its short period of existence and now has as its members the widely representative organizations listed on the *attachments*. Through its membership, from all levels of governmental and private manpower efforts, and including representatives of private business and labor in our trading area, the Council believes it can perform a unique service for the Community. Essentially, this is to be the coordinating and consolidating machinery for employment programs. Through joint action, to secure the maximum utilization of our human resources.

To do this, the Council must first muster all the evidence which basically falls into three categories. That which will detail:

(*a*) The exact scope of the Community efforts at all levels that have been carried on or projected for the immediate future;

(*b*) The specific nature of the population in need of elevated employment opportunities or of basic employment;

(c) The precise nature of the present and reasonably projected future employment in the region.

A brief summary statement about the formation and the aims of our Metropolitan Jobs Council, entitled "Policies, Goals, and Purposes" has been appended hereto so that the full spectrum of our endeavors can be more readily comprehended. It will be immediately seen that the three categories of information and statistics described above are included as basic Council objectives and foundation stones in the accomplishment of other goals that are stated or implicit in the concept of such a manpower development coalition as this.

We earnestly believe that our collective resources can supply us with the vast amount of information that must be captured and maintained in a current state; that from joint efforts, in a spirit of seeking to realize the maximum utilization of our community resources, an analysis of our weaknesses and our strengths in all aspects of the manpower development community can be clearly indicatetd. Only then, within the present funding limitations and administrative structures of our political, social, and economic communities, can more and better consolidated efforts be mounted to avoid the waste of duplication or competition. And, going beyond the limitations of present legislation, based upon supportable recommendations that the Council can put forth to the legislative branch of the Federal Government, to various local governments, as well as present to private sources of financial support, it is ambitiously hoped that a new, unified approach can be brought about which is supported by funding granted in such a way as to utilize all available resources to their maximum potential on a metropolitan-wide basis. This is made explicit in our founding documents' listing of necessary steps and actions of the Council to include recommending such changes in either administrative practices or regulations of the Federal or local governments, or changes in Federal or State laws, as are desirable to improve area manpower programs and employment opportunity.

Parenthetically, it should be noted that one important aspect of a regional planning and coordinating Council is to not become yet another competitor for some part of the manpower program operations and their funding. A relatively modest amount of administrative, research, conference, publication, and related supporting expenses must, of course, be secured from a public or private source. But the essence of the concept is to be the single vehicle for a kind of communication, cooperation, coordination, and perhaps of consolidation, that has never been before created; to represent equally the private economic interests, the public establishment at the Federal and local levels, and certainly interests of those in our community who have not entered the main stream of our society because of their economic inability to do so. When a metropolitan region has such an instrumentality of cohesion, it would seem that it has created a realistic mechanism that is responsive to and reflective of an interdependent group of states, counties, cities and municipalities whose boundaries become ever more political than economic, social, or geographical.

We are attempting to take the entire region into view as a sum of its separate parts; to reason through together and find the best separate or combined manpower development solution, and to influence the determination of who should be designated to bring them about, or what linkages should be established. We seek to do this through either coordination or consolidation of the functions performed from the point of poverty and deprivation to a state of economic independence for the greatest proportion of our population.

In closing, I must indicate that our Council's short experience clearly demonstrates that its membership will not go beyond the agreeable discussion or the favorable intentions state of operations until new developments can be brought about. The *first* of these is that Federal legislation with respect to programs and funding to be administered by such departments as Labor, Health, Education and Welfare, Commerce, and the Office of Economic Opportunity should state that it is the policy and intention of Congress that manpower development programs and projects should be defined and delineated, as to the scope and size of their application to a particular geographical region, through the counsel and advice—if not the required approval—of a representative, independently constituted, and community-wide organization which has as its membership substantially all of the public and private, operating organizations and agencies to be affected by such programs and projects.

At the same time, though not absolutely essential. Federal legislation with respect to such governmental operations as employment security, welfare, vocational rehabilitation, apprenticeship training, and the like, should trend toward facilitating regionalized operations where metropolitan areas encompass separate states or other bodies politic in which such functions have traditionally been responsible to entirely separate jurisdictional headquarters, often in a distant location of the geo-political area.

The *second* essential development is to harness the advanced computer technology for the containment of information and as a tool for the analysis of the vast amount and ever-changing economic, demographic, and community resources information mentioned earlier which represent the crucial ingredients of a comprehensive metropolitan-wide, human resources utilization concept of planning and coordination.

WASHINGTON METROPOLITAN AREA JOBS COUNCIL, INC.

MEMBERSHIP ROSTER

I. Roster of Participating Membership Organizations

Metropolitan organizations

Greater Washington Central Labor Council, AFL–CIO
Washington Building Trades Council
Steamfitters Union Local No. 602
Retail Store Employees Union Local No. 400
Building Laborers Union Local No. 74
Health & Welfare Council of the National Capital Area
Metropolitan Washington Council of Governments
Washington Urban League
Equal Employment Opportunity Commission
Metropolitan Washington Board of Trade
U.S. Civil Service Commission
Neighborhood Youth Corps—project of Labor Department—Bureau of Works programs

Maryland organizations

Maryland Department of Employment Security
Maryland State Department of Education
Montgomery County Public Schools
Prince Georges County Board of Education
Maryland Department of Vocational Rehabilitation
Metropolitan Maryland Bureau of Apprenticeship & Training
Maryland State Department of Public Welfare

District of Columbia organizations

U.S. Employment Service for the District of Columbia
The United Planning Organization
District of Columbia Chamber of Commerce
District of Columbia Board of Education
District of Columbia Department of Vocational Rehabilitation
Opportunities Industrialization Center
District of Columbia Apprenticeship Council
District of Columbia Department of Public Welfare
D.C. Commissioner's Council on Human Relations
Washington Technical Institute
D.C. Office of Manpower Administration

Virginia organizations

Virginia Employment Commission
Alexandria Chamber of Commerce
Fairfax County Chamber of Commerce
Arlington County Public Schools
Board of Education of Alexandria
Board of Education of Fairfax County
Board of Education of Falls Church
Virginia Department of Vocational Rehabilitation
Metropolitan Virginia Bureau of Apprenticeship and Training
Virginia Department of Welfare and Institution

II. Roster of Advisory Members

James G. Banks, Director, Office of Community Development, Department of Housing and Urban Development
Charles A. Horsky, Chairman, Board of Higher Education, District of Columbia

A. J. Karzin, Systems Development Coordinator, U.S. Employment Service
James R. Poole, Chairman, Youth Opportunities Program, U.S. Civil Service Commission
Stephen J. Pollak, Assistant Attorney General, Civil Rights Division, Department of Justice

III. Roster of Cooperating Membership Organizations

Washington Personnel Association
League of Women Voters of the District of Columbia
The National Conference of Christians and Jews, Inc. of the National Capital Area

OFFICERS

Chairman, William H. Press, Metropolitan Washington Board of Trade
Vice Chairman, Ruth Bates Harris, District of Columbia Commissioner's Council on Human Relations
Vice Chairman, J. Donn Aiken, Maryland State Employment Service
Vice Chairman, Ben C. Cross, Virginia Department of Vocational Rehabilitation
Secretary, James R. Ward, Montgomery County Public Schools
Treasurer, William B. Purser, Virginia Employment Commission

EXECUTIVE COMMITTEE

The above officers and the following:
- Harold Clark, District of Columbia Board of Education
- David Eaton, Opportunities Industrialization Center
- Fred Z. Hetzel, U.S. Employment Service for the District of Columbia
- J. C. Turner, Greater Washington Area Central Labor Council, AFL–CIO

DIRECTORS

The Executive Committee and the following:
- Frank H. Hollis, United Planning Organization
- Schuyler Lowe, Washington Metropolitan Area Transit Authority
- Walter Scheiber, Metropolitan Washington Council of Governments
- Isadore Seeman, Health and Welfare Council of the National Capital Area
- David R. Semer, Maryland State Department of Public Welfare
- Edward N. Thomas, District of Columbia Apprenticeship Council
- Sterling Tucker, Washington Urban League
- Flora Yowell, Virginia Department of Welfare and Institutions

POLICIES, GOALS, AND PURPOSES

The Washington Metropolitan Area Jobs Council was incorporated pursuant to the District of Columbia Non-profit Corporation Act on the fifth day of October 1966. The Articles of Incorporation, which were filed at that time, contain standard provisions required for the establishment of a non-profit corporation.

The policy reasons and objectives underlying the formation of a regional manpower development coalition are contained in Article II of the Documents of Incorporation which quite concisely and completely state corporate purposes substantially as follows:

In furtherance of attempts to develop and maintain, through cooperative action, a program for the maximum development and utilization of the human resources of the metropolitan area of Washington, with particular attention to disadvantaged persons, the Council shall undertake the following specific and any other incidental or reasonably necessary steps and actions:

(1) Securing and maintaining on a current basis the most definitive and comprehensive information possible on the number and characteristics of the unemployed and the underemployed in the area.

(2) Developing and maintaining on a current basis the most accurate information on present and future employment opportunities in the area;

(3) Developing and maintaining the most effective means of bringing job seekers and employment opportunities together quickly to meet the needs of workers and employers in the area;

(4) Preparing and maintaining on a current basis a comprehensive inventory of all manpower and related programs, agencies, and services in the area, public and private, concerned with manpower development and training, job counseling and placement, employment services, and other employment related matters for use of employers, manpower and related agencies, counselors, public and private, and unemployed persons;

(5) Developing means and methods of improving communications among manpower agencies and organizations;

(6) Identifying gaps in present manpower programs, coupling and cross-funding such programs so identified to the extent needed and feasible so that they complement and supplement each other;

(7) developing within the total manpower needs of the area an accurate and acceptable definition of each agency's functional role, and realigning manpower programs within present statutory limitations and by mutual agreement;

(8) recommending such changes in either administrative practices or regulations of the Federal or local governments, or changes in Federal or State laws, as are desirable to improve area manpower programs and employment opportunities.

By-Laws were subsequently adopted by the membership at a meeting early in 1967. They set out precisely the same eight purposes above mentioned—again indicating that the Council's actions and purposes are not necessarily limited to these matters. The By-Laws re-emphasize that the Council is intended to be a metropolitan vehicle for the separate and collective manpower programs, policies, and objectives of its member organizations, realigning functions and inducing co-operative, interrelated, and coordinated efforts toward the common goals.

Mr. **Freeman**. No, sir; thank you.

Senator **Clark**. Perhaps you will give us just a very quick biographical background.

Mr. **Freeman**. Yes. I will preface that background by referring to the comments you and Mr. Mangum made about lack of expertise in this manpower field. I don't know that I have met any experts. There are a lot of very fine specialists. I am far less experienced, much more naive, and will be somewhat less articulate in expressing my viewpoints than Dr. Mangum.

I am by profession a labor attorney, by avocation an educator and university administrator, a former assistant dean of the Law School at Stanford. By occupation, through my international training work with the Peace Corps, a specialist in manpower development on a domestic basis. My original interest in the domestic work was sparked by the tremendous accomplishments that I know have been made in our ability to train and develop people to function successfully in foreign country cultures entirely different from ours. It is my notion that part of the problem we are coping with in the United States today is our lack of ability to appreciate the way to get across the domestic cultural gap.

Senator **Clark**. That makes you an expert in my book.

Mr. **Freeman**. I would like to point out that I have been with the Metropolitan Jobs Council only since July of last year. The council of course is a new and fledgling concept; if you will; an experiment. The seed money, the backing, financially at least, initially has been from out of the President's Committee on Manpower as administered by the Manpower Administration of the Department of Labor. But that will not stop me from being very candid and putting my neck out.

As I say in the statement I submitted, and I hope I will not repeat too much of it, I have tried to give an overview of what we are attempting. The council was incorporated in October of 1966 and only got underway decisively early in 1967, adding the small staff that I had since midyear of 1967.

The notion here is that in our modern America we have to take a metropolitan view of this particular endeavor to develop the human resources of an interdependent area; that the boundary lines that separate the District of Columbia, Virginia, and Maryland just as those that separate Pennsylvania, New Jersey——

Senator CLARK. And Delaware.

Mr. FREEMAN. And Delaware and elsewhere in the country must be surmounted. I don't mean to say that we are talking about a regionalized government in a formal sense but that there is in the development of employability among the ghetto residents, if you will, the obvious need to do it on a metropolitan-wide scope.

The District of Columbia is a shrinking proportion of the total population of this region. Some estimates I have heard are that the population here will soon be approximately 16 percent of Metropolitan Washington; of the standard metropolitan statistical area. So, if the city center is going to move or be moved by Federal assistance it must be done now while there is a marketable quantity and quality to offer in the citizenry who are unemployed or underemployed—and this is a point I want to stress—out to the jobs, the employers who do have employment problems.

There is a large "employment problem" in Metropolitan Washington, a lack of people that can be hired, and that is coupled with this tremendous number of unemployed people.

Senator CLARK. And racial discrimination affects it.

Mr. FREEMAN. Of course it does. My viewpoint, and I think that of those who are cooperating in the council, is that you can view it also primarily as an economic problem, however. If the self-interests are recognized in the private and public employer sectors of assisting these people to economic independence; that by virtue of working with each other in suburban areas and so forth the move to integration perhaps will come. But, we don't approach it from that standpoint because the basic need of man is to be independent economically, take care of his basic needs, whether independently or otherwise, and that the racial thing, though it can't be ignored of course, especially here, is one that does not have to be met headon.

I don't think that the answer to the growth of total employment in a region such as ours is to throw rocks at those who have a different philosophy about the matter. As a matter of their own self-interest in private business, they have much to gain by developing reliable employees. They, the private sector, would much prefer to do this without the wide scope recruiting efforts that they have already carried on throughout the Nation—the pirating from one another of employees, and, to develop a stable work force that already lives where they are being offered positions.

Senator CLARK. I agree with everything you say. Yet I suggest to you that as far as the District is concerned and its metropolitan area you pretty badly need a reorientation of commercial attitude and perhaps in Virginia at least pretty strong equal employment opportunities legislation or else you are never going to break the pattern of racial discrimination.

What is your answer to that?

Mr. FREEMAN. In the council we have included among our membership, which is defined by a direct and responsible participation in a broad definition of "manpower development," organizations such as, well, the Equal Employment Opportunity Commission, and the Council on Human Relations of the District of Columbia.

We should like to include comparable organizations from our neighboring counties here.

Senator **Clark**. Are there any?

Mr. **Freeman**. There is a Council on Human Relations in Montgomery County. When I say that, of course it is a citizens group. I think there is one staff member. But there is a growing awareness, perhaps based on economics, perhaps on some other pattern, that there is a need to construct some cross jurisdictional, multifunctional relationship across the geopolitical boundaries.

Senator **Clark**. This also gets into housing, doesn't it?

Mr. **Freeman**. No, we don't. Our total concern, sir, is with employment.

Senator **Clark**. Yes, but what I mean is, Mr. Freeman, I know that you don't concern yourself with it and I can well understand why you don't, but if you are going to have a metropolitan area manpower on any racial basis solution, you do have to have shelter, don't you, for minority groups who could not otherwise accept employment in Maryland and Virginia because they can't get there?

Mr. **Freeman**. That is a tough question, Senator. And I think the answer is: not immediately. The avenue of approach that is being taken, and we work very closely with the Council of Governments who are also a member of our Jobs Council, and the Transportation Planning Board, is to try to create rapid motor coach transportation on a pilot program basis out to certain industrial or shopping centers in Montgomery and Prince Georges Counties where the local industries can pick up these people.

Senator **Clark**. And hopefully in due course the suburb.

Mr. **Freeman**. And hopefully in due course. This is a way of seeing if by filling that transportation need, which is one of the needs of accessibility of the ghetto people, of the hard-core inner-city people to the jobs, we actually can match people and jobs.

I for one believe that a serious ingredient which we are going to have to supply there is the same ingredient which is part of the total manpower picture. That is that portion which goes between the qualifications to perform work and the qualifications that the individuals with which we are dealing have by virtue of their deprived environment, cultural, educational backgrounds.

This gets us directly into training. It doesn't matter whether you are preparing them for jobs in the suburbs or you are preparing them for positions here because there are positions, public and private, in the District of Columbia in enormous numbers that are going unfilled.

And so transportation I think is important but it is an overly rated ingredient. But relative to your housing question: I have more recently accepted the theory, put out by those who are sponsoring this kind of experimental transportation, that by working together with non-Negroes in the suburban environment, and having the economic means to purchase homes in those areas, on an individual basis suburban housing will come about for Negro people who formerly lived in the center city.

Now, that obviously cannot be the total answer, but one worries about building public housing out in Montgomery or Prince Georges or around the suburbs of any city and creating another isolated group within an integrated mass of people, just one step removed from the traditional housing project in a city.

If it could be that these people would secure positions and the wherewithal to purchase their own homes and want to live—and have the option of choosing to live, through fair housing legislation and so forth—in the suburbs, then it seems to me this would be a better way of bringing about metropolitan integration.

The Washington Metropolitan Area Transit Authority is a member of our council because we are conscious of the total interdependence between employability and transportation.

We are also conscious that we must come up with some kind of suggested solutions, metropolitanwide and locally, with respect to day-care centers for mothers who are employable except for their obligations in the home.

This perhaps is an area where, it could be fairly well concluded there is a fine opportunity for the partnership between the public and private resources. This perhaps is something that must be done by a local or a regional cooperation of governments, the manning of these day-care centers.

I have had one theory in the area of the growing number of aged people in our society who want to work and are still capable of working. A nice matching would be between those older people who are still capable of physical and intellectual or mental activity to operate some of these day-care centers on a very close ratio to the young ones who need to be taken care of and thereby alleviate some of the public support that they otherwise would require by paying them to do a useful job. The total possibility for that kind of work is enormous, from what I have been told.

Senator **Clark**. It is not unlike the foster grandparent program which is part of the poverty program in a number of areas. In other words, these older people take on some of the youngsters, through day care looking out for them, while the parents have a job.

Mr. **Freeman**. It is not unlike that. What I am trying to focus on here is the problems which you allude to which are peculiarly local.

I, for one, believe in this concept that we have attempted here because there is such a tremendous need to identify the scope of the problem within our own region; to identify the human resources we actually have; to delineate the total size of the present job market; to look and see actually which jobs in the private, as well as in the public sector, I might add, are stated as requiring qualifications far above those that they actually should call for.

All of these things I think by involvement—of the private business sector in our community with the public and quasi-public indigenous organizations, the traditional employment service and other organizations—in a common forum can bring about a means for advising, if you will, such groups as this on how funding expenditures should be prescribed within Federal legislation.

I make two points, sir, in that very general document I have filed for the record here. And, incidentally, I do attach a complete listing of the organizations who belong to the council which have counterparts all over the country. The first point is that we will be nothing more, as a local economic or job coalition, than a talking group of good intentions, unless there is an expression in Federal legislation of the need for the executive branch to counsel with those in the public and private sector at the local level who are capable of knowing whether they have resources, whether new ones should be created, what is the size of the problem staffwise, financially, and so forth, and feed this information back before the administration of a program on a local level takes place.

The second point is the capability through modern technology to handle this whole situation. We have set off on a very ambitious road here to know all about our population; to really be able to identify what characteristics these individuals in need of help have that are benefits and what are detriments; to know what remedies have to be built into the training, whether it is functional training or skill training; to identify our job market, public and private; and to identify the present scope of the funded programs capable of responding to it.

You mentioned the Opportunities Industrialization Center. OIC here locally is a member of our Council. It is, I believe, the only nongovernmental, full-time training organization which is a member. We have very good relations with this organization.

As a matter of fact, another member, the Board of Trade representing the business community, is extremely well impressed with the kind of job that the OIC locally is capable of doing. Here is a concept that is now becoming more and more obvious to you people who make the policies: That training for particular employment, trying to start to turn on the light at the job end of the tunnel before you train people, is what is needed.

Heretofore, and even today, there were a multitude of job developers running around any metropolitan area who have presumably trained people to do something and now are out calling on employers and saying, "These people are prepared to do your job." But the employer, whether it be in the public local sector or the Federal Government sector locally or the private sector, has never been counseled about what kind of people he needs and what kinds of skills he needs during or before this training actually was undertaken.

This is where I think this jobs program and the National Alliance of Businessmen approach has some real merit. At least, in that concept there must be an identification of an employer with needs. He must actually commit to employing a certain number of people to be trained for jobs in his firm or in his store before the training begins.

This will I think succeed to reverse a sense of failure, a fear of failure, a sense of frustration which the hard core unemployed and the underemployed have faced characteristically in the training programs. That is being trained and not being able to get a job. Or being oriented about work and not being able to find any skill training, nothing linked to the basic orientation training.

Then there is no OIC to go into and then an on-the-job training, a continuity for it.

Senator CLARK. I couldn't agree with you more. One of the things that discourages me most is this proliferation of job training efforts without much of any concern as to where the individuals can get a job when they get through.

The classic case which I keep referring to is when we were down in Mississippi with the subcommittee a little over a year ago we went to an MDTA center in Greenville, Miss., and found some unemployed fieldhands who had been turned out of the cotton plantation economy down there because of the coming of the cottonpicker, and weed sprays, and other things which rendered them unemployable.

They were adults around 35 or 40 years of age. They were learning to read and write and they were being taught by some very dedicated woman who felt that these illiterate fellows should be taking five grades in maybe 1½ years.

These people were all steamed up. They were delightful people because they were under the impression they were going to really read and write to get a job.

Mr. **Freeman.** Highly motivated.

Senator **Clark.** Yes. And it became clear in talking to the MDTA people in the employment center that there were no jobs available in that area for anybody who had less than a tenth grade education. You can teach them how to read and write and you just kill them.

I guess this is more or less what you are talking about, isn't it?

Mr. **Freeman.** In that situation, I don't know if it is impossible in that location, but had there been a vehicle, whether a council such as ours or some other cooperative endeavor, where the employers' could have been brought in at that point and realistically taken a look at the job qualifications, as to whether they actually needed a tenth grade education. Or whether they functionally, intellectually, actually needed only the equivalent. What did they really have to do when they were employed? Then, to perhaps have the employers quickly say, "If you can bring these people to that level we have the positions that they can perform." I think there was a potential there that was completely missed because of no linking.

Senator **Clark.** I quite agree with you. I have here an article, a table cut out of the Washington Post of Thursday, April 4, entitled "Burgeoning Training Centers Barely Dent Joblessness."

The table attached to it is entitled "Job Programs: What They Do, Who Runs Them."

The byline is Paul W. Valentine, and the opening sentence reads, and I quote:

"Despite its array of job-development programs, Washington is only scraping the surface of its unemployed and underemployed population."

I am going to ask our staff member to hand you this preliminary, and did you see it?

Mr. **Freeman.** Yes, if you will look, Senator, on the right column there Mr. Valentine gives the Jobs Council acknowledgement, because we had talked with him.

Senator **Clark.** Is that pretty accurate?

Mr. **Freeman.** As far as it goes, yes, sir. It is the first thing like this that has been done. We were very delighted that the press, the Post in this case, used their resources to undertake this kind of thing. They are aware that we are trying to put together what we call a manpower program information survey on a metropolitan-wide basis.

Senator **Clark.** I will ask to have the article referred to be printed in the record at this point.

(The article referred to follows:)

[From the Washington Post, Apr. 4, 1968]

BURGEONING TRAINING CENTERS BARELY DENTS JOBLESSNESS

(By Paul W. Valentine)

Despite its array of job-development programs, Washington is only scraping the surface of its unemployed and under-employed population.

At best, the programs penetrate about 10 per cent of the ghetto ranks, says Frank H. Hollis, the United Planning Organization's director of manpower. Few other officials disagree with him.

"If all the job development programs were operating at maximum in this city," Hollis says, "they still would place only about 7000 persons a year.

"There are anywhere from 75,000 to 140,000 unemployed people here, depending on who you listen to and what your definition of unemployment is.

"That means that at least 68,000 people are never reached by the programs—just never reached."

While a "sub-employed" population, estimated by the U.S. Employment Service to be 113,180 in four major slum areas, founders at the brink of financial disaster, private industries in the cities are screaming for both skilled and semi-skilled workers.

An immense gap lies between jobs and manpower. The city's job development programs only begin to close the gap.

Even when jobs are created and training is provided, there is no guarantee that those placed in employment will be permanently and meaningfully retained.

The dropout rate in training programs is prodigious. Many trainees abandon courses when domestic and social complications disrupt their lives. Some can't take the discipline of daily class attendance.

If a trainee completes a course and gets a job, problems still arise.

"Most dismissals are not for lack of training," says Elwood Jackson, registrar for the Opportunities Industrialization Center a relatively successful training project financed by the Government. "Guys are fired for lack of discipline, punctuality and not having a constructive employe-employer attitude."

The Center is now laying greater stress on employment orientation, on helping the long-term unemployed adjust to the rigors of regular work. A few other training projects in the city are making similar attempts.

Job placement is still stymied by racial discrimination. Radio and TV repair shops, for example, are reluctant to hire qualified Negroes and have them go into homes of white customers.

Many trade unions have traditionally excluded or limited Negro membership.

Jackson recalls one union which, in an apparent gesture of cooperation, offered to accept OIC-trained Negroes who were older than 18 and had a high school education.

"At first, we thought that was a nice idea," he said. "But when we started looking around, we couldn't find any Negroes over 18 with a high school education. You know why? They're all in college or Vietnam . . . I think that union knew it, too."

The picture of employment in Washington in one of opposing or, at best, uncoordinated forces. Unions are leary of both management and Negro-oriented training programs.

Business is timid about placing Negroes in sensitive positions. The Negro unemployed don't know where to go for training, or are skeptical, or frightened, or both. Training programs are not tailored to any comprehensive job-availability survey.

Nowhere in this city is there one central office that maintains a definitive compendium of available job-training and development programs.

Each agency—OIC, USES, UPO, the Labor Department, The Office of Economic Opportunity, the D.C. Welfare Department—keeps its own statistics, which may or may not relate to others or use the same definitions for such crucial terms as "unemployed," "orientation" or "remediation." Some agencies keep few statistics at all, especially in following-up on trainees they have placed in jobs. The success or failure of individual programs is hard to determine.

Because there is no central coordinating point in the job-development picture, there is no way of knowing where the gaps, overlaps, duplications and other inefficiencies are occurring.

Officials suspect that gaps and duplications exist, but because of the confusion of interweaving, multi-purpose programs, it is difficult to spot the trouble.

The recently formed Washington Metropolitan Area Jobs Council hopes to become a central clearing house for job information and to publish a comprehensive list of job development programs in the area. The list, when completed, will have to be updated continually as specific Federal programs begin, end or are renewed.

With that basic information, says Council Executive Director David Freeman, it is hoped that an area-wide analysis and coordination of development programs can be provided.

Similarly, the District government hopes to exert influence on program coordination through its new manpower administrator, Horace R. Holmes.

To cap job improvement efforts, the presidentially created National Alliance of Businessmen has set a quota of 4600 summer jobs and 2000 permanent jobs for the hard-core unemployed by September. Private businessmen are encouraged to pledge job openings for the unemployed.

JOB PROGRAMS: WHAT THEY DO, WHO RUNS THEM

Institutional training	Administration	Financing	Enrollment	Target population	Type of training	Address and telephone
1. Manpower Development and Training Act (MDTA).	U.S. Employment Service (USES).	Labor Department.	300 current	General unemployed	Clerk typing, stenography, cooking, keypunch operator, practical nursing, medical laboratory assistant, service and maintenance work.	555 Pennsylvania Ave, NW.; 393-6151.
2. Opportunities Industrialization Center (OIC).	OIC	Labor, HEW, OEO, private.	375 current	18 to 60, earning less than $1,500 per year plus $500 for each dependent.	Clerical and sales, automotive trades, industrial trades, offset duplicating, radio and TV repair, etc.	1711 14th St. NW.; 265-2626.
3. Work and Training Opportunity Center (WTOC).	District of Columbia Welfare Department.	HEW, District of Columbia Welfare Department.	220 current	Unemployed heads of households	Clerical, shorthand, business math, machine trades, benchwork, structural work, processing occupations.	921 Pennsylvania Ave., SE.; 544-8600.
4. Building Service Employes International Union (BSEIU).	Central Labor Council.	Labor, HEW	50 current	Janitorial workers seeking upgrading	General janitorial, custodial, maintenance and service work.	1126 16th St. NW., room 317; 659-8044.
5. Concentrated employment program (CEP)—special impact.	CEP	Labor	65 per cycle	Hard-core unemployed in Cardozo-South and Anacostia-Congress Heights.	Prevocational training in employment attitudes, shop exposure, etc.	2013 14th St. NW.; 659-1100.
6. Department of Vocational Rehabilitation (DVR).	DVR	District of Columbia Government, HEW.	823 current	All categories of the handicapped	Clerk typing, auto mechanic, woodworking, nursery school attendant, barbering, keypunch operator, computer programing, TV repair, shoe repair, cashier, cooking, etc.	1331 H St. NW.; 629-4255.
7. Vocational education (VE)	District of Columbia Department of Education.	District of Columbia government.	2,377 current	General adult	Carpentry, ironwork, electrical work, masonry, cosmetology, drafting, drycleaning, photography, welding, watch repair, TV repair, nursing.	4121 13th St. NW.; 629-7331.
8. Concentrated employment program (CEP)—basic education.	CEP	Labor	150 per cycle	Hard-core unemployed in Cardozo-South and Anacostia-Congress Heights.	Employment orientation, basic reading, basic math, etc.	1100 Vermont Ave. NW.; 659-1100.

On-the-job training	Administration	Financing	Trainees	Target population	Type of training	Address and telephone
1. District of Columbia Apprenticeship Council (DCAC).	DCAC	District of Columbia Government, Labor.	529 in 10 projects, 1st 6 months of fiscal year 1968.	Persons seeking apprenticeable trades.	Most apprenticeable trades	1145 19th St. NW.; 629–2842.
2. Urban League (UL)	UL	Labor	300 to 400 per year	General unemployed	General skilled and semiskilled jobs	626 3d St. NW.; 737–8600.
3. Concentrated employment program (CEP)—On-the-job training	CEP	do	350 for fiscal year 1968.	Hard-core disadvantaged over 18 in Cardozo-South and Anacostia-Congress Heights.	Apprenticeable and nonapprenticeable jobs.	1816 12th St. NW; 462–3375.
4. Concentrated employment program (CEP)—New careers.	do	do	255 for fiscal year 1968.	Hard-core disadvantaged in Cardozo-South and Anacostia-Congress Heights.	Work in human service agencies, such as Welfare Department, Redevelopment Land Agency (RLA), etc.	1000 U. St. NW.; 265–2818—1331 Savannah St. SE.; 561–6400.
5. Project Build	Central Labor Council.	do	80 trainees per 6 months (now recruiting 1st cycle).	Youths interested in apprecnticeable trades.	Building construction trades, plumbing, electrical, carpentry, bricklaying, paperhanging, sheet metal work.	1126 16th St. NW., room 317; 659–8044.

Placement programs	Administration	Financing	Placements	Target population	Type of work	Address and telephone
1. Concentrated employment program (CEP)—Jobs Now.	CEP	Labor	1,600 for fiscal year 1968.	Underemployed in Cardozo-South and Anacostia-Congress Heights.	Direct placement in semiskilled government and private industry jobs.	1000 U St. NW.; 265-2818—1331 Savannah St. SE.; 561-6400.
2. Concentrated employment program (CEP)—Federal employment.	do	do	450 for fiscal year 1968	Underemployed in Cardozo-South and Anacostia-Congress Heights.	Skilled and semiskilled jobs in government.	Do.
3. Neighborhood Youth Corps (NYC)	United Planning Organization (UPO)	do	3,400 current	High school and dropouts	Filing and clerical, messenger service, landscaping.	1406 M St. NW.; 659-1100.
4. Offender rehabilitation project (ORP)	ORP	OEO	125 jobs and 50 training placements since June 1, 1967.	Persons on bond pending prosecution	General skilled and semiskilled work	711 14th St. NW.; 737-4337.
5. Veterans affairs program (VAP)	UL	UL	80 since Oct. 1, 1967	Returning Negro veterans	do	626 3d St. NW.; 737-8600.
6. Neighborhood center	Central Labor Council, USES.	Central Labor Council, USES.		General unemployed	do	1148 7th St. NW.; 483-2273.
7. Pride	Pride, Inc	Labor	1,050 current	Teenagers	Cleanup and rat eradication	1536 U St. NW.; 483-1900.
8. Fairmicco	Fairchild-Hiller Corp., MICCO.	Government contracts.	200 maximum (now recruiting).	General unemployed	Manufacture of wooden loading platforms for Department of Defense.	59 M St. NE.; 347-6113.
9. Part-time jobs	Board of Trade	Board of Trade		Needy students at Eastern, Dunbar, and Roosevelt High Schools.	Semiskilled jobs with area private employers.	1616 K St. NW.; ST. 3-3535.

Special training, counseling, placement, OJT programs	Administration	Financing	Enrollees	Target population	Type of training	Address and telephone
1. MA-1	Institute of Computer Technology.	Labor	360 trainees in 18-month period.	Hardest of hard core	No specific training. Emphasis on employment orientation and remedial training in reading, writing, math, etc., followed by job and OJT palcement.	2600 Virginia Ave., NW.; 337-7200.
2. Job Opportunity Week	Board of Trade	Board of Trade	3,500 interviewees	Area employers interview high schoolers not going to college (May 20-24 this year).	None	1616 K St. NW.; ST. 3-3535.
3. Prep clubs	do	do		Lectures, tours, etc., on work world, conduct at Anacostia, Eastern, Bell Vocational, McKinley Tech.	None	Do.
4. Job Opportunities in Business (JOBS)	Board of Trade, Northern Systems Co.	Labor	1,400 in 2-year period.	Hardcore unemployables	4 months institutional training, 8 months. OJT in culesinary, auto-mechanical and building trades. (To open in next few weeks.)	Do.

Supportive programs	Administration	Financing	Function	Address and telephone
1. Small Business Administration (SBA).	SBA	SBA	Issued 50 loans, averaging $12,000 each, between Jan. 1, 1967 and Feb. 29, 1968, to open new businesses or revive old ones. Created 50 jobs with maximum of 247 expected.	1321 H St. NW.; 382-3525.
2. Concentrated employment program (CEP)—Health Service.	CEP	Labor	Provide limited medical and dental care for CEP enrollers.	1000 U St. NW.; 265-2818—1331 Savannah St. SE.; 561-6400.
3. Concentrated employment program (CEP)—Day care.	CEP	do.	Provide day child care for women so they can participate in CEP programs.	Do.
4. Concentrated employment program (CEP)—Transportation supportive service.	CEP	do.	Provide information and money for CEP enrollees to get to jobsites.	Do.
5. National Business League project (NBL).	Sterling Institute.	NBL	Negro businessmen undergo short, intensive courses in how to tap business and organizational talents of ghetto dwellers.	2650 Virginia Ave. NW.; 333-2010.
6. Coordinated 2-way express transit service for center city and surban employees.	Council of Governments (COG), Transit Commission (WMATC), UPO, USES.	HUD (approval pending).	Operation of public transportation to take ghetto workers to suburban worksites and return to town with surburban commuters. (HUD approval of proposal expected this spring).	1250 Connecticut Ave. NW.; 223-6800.
7. Merit Employment Training Committee.	Board of Trade.	Commerce	Aims at getting commitments from private businesses to hire disadvantaged persons and help coordinate job-retention and employer-education programs.	1616 K St. NW.; St. 3-3535.

Mr. **Freeman**. Mr. Valentine graciously agreed to encourage these people all listed here who are members of our council to cooperate with their own survey in supplying us with more detailed information. And they have done so.

It is just that you have to keep inducing people to cooperate when you are operating in a voluntary cooperative organization. We hope to elaborate substantially on this article and to add a lot of information, which would not necessarily be published, for our own internal analysis about the sources of funding, and the quantity and quality of target population to be dealt with, because our attempt here is to analyze and find out where the holes are, where the duplications and overlaps actually are.

We know they are there; but we can't quantify them. We can't keep up with it. We need, once we secure this program information, to put it together with our demographic information and our job information. Then, to have a mechanism, undoubtedly some electronic data processing or information system, to contain this for us. To keep the data on a continuous basis for us. Then, to sit down as a collective group, with admittedly some threat to some of our local members as to their part in the total picture, and say we do or do not have here something that we can undertake by joint funding, by joining forces, by enlarging this or that program. Perhaps one recommendation would be to create a cooperative, multijurisdictional, technical training center between Montgomery, Prince Georges, and the District of Columbia, if that would be acceptable, whereby the somewhat superior teaching capabilities might be utilized to upgrade teacher training in the District. There we could also bring the employers together with the vocational educators and start to put together a relevant long-range answer, a preventative, as Mr. Mangum referred to, rather than the bandaid curative thing that we are all concerned with all the time. We might be able to start dealing with those youth coming along so that their comprehensive education included an option for actually entering the work force.

Senator **Clark**. Looking at that chart superficially, it is a pretty discouraging thing in terms of what seems to be so proliferated a series of organizations in dealing with a part of the problem of full employment in Metropolitan Washington and leads me to feel that perhaps the stress I laid during Dr. Mangum's testimony on organization and administration may really be the major unsolved problem in terms of creating appropriate manpower policy and adequate manpower programs to deal with the social impact of unemployment and underemployment and is a very important factor here.

In other words, would you agree—that was a very long and involved sentence—that one of the major things to which we must address ourselves in this manpower field is how to organize an identification with the unemployed and underemployed, their training employable skills, and finding jobs for them; and I assume you would agree with that.

Mr. **Freeman**. Of course.

Senator **Clark**. Having done that, is there some better way to do it than the way it is now being done as that chart seemed to indicate?

Mr. **Freeman**. I believe, Senator, that what you are saying is that national policy must be applied locally by those who are actually employing as well as those who are responsible for dealing with the disadvantaged, ghetto residents who need help, such as the indigenous organizations that have grown up under various poverty and manpower legislation in the last 6 to 8 years.

However, and if you look down on this newspaper chart, which, as I say, is quite excellent so far as it goes. The space that was devoted and the work that is produced is quite excellent because there is a contact place for people indicated.

Senator **Clark.** Even that is not complete.

Mr. **Freeman.** Of course. There are, under each of these organizations, a great many subcontractors who are actually performing these jobs for them and the thing that it illustrates most clearly—if you were to analyze the actual performance, the type of training—is that there is no linking between these.

For example, the concentrated employment program has proven itself I think quite capable in the Anacostia and Cardozo sections of the District of Columbia in identifying and giving to so-called unemployables an orientation to the process of securing a job, the matter of dress, the matter of hygiene, the matter of interviewing. But there is an assumption made in too many cases that these people are then, as they use the phrase, "job ready." It seems to me that you are at the point there of linking those people into the next step rather than starting with other individuals who haven't had the benefit of some similar type of orientation and throwing them into a skill training. These people now should go on into a targeted kind of training for jobs that actually exist such as that most recently created, well, such as the OIC training, such as that now being undertaken in the large training project that the board of trade is conducting here under a Labor Department grant.

That is under what is called MA–3 money, under the MDTA Act. It is direct contracting. It puts the board of trade in the position of representing a coalition of employers who actually have to interview and hire these young men before they are trained.

These people who are from a concentrated employment program or other vestibule beginnning orientation, having been given job functional exposure, should be the recruits into that skill kind of program.

The proliferation of unrelated programs is huge. But it isn't an insurmountable barrier. The working together of these organizations, if they want to retain their autonomy, the consolidation of the efforts the decline of empire building, if you will, sir, built around the work of manpower development is what we are really seeking. But we are seeking it on a metropolitan basis because no city can undertake this by itself.

I don't believe that any city is going to attract back into its central environs large numbers of service or manufacturing enterprises. I think that they are going to have to send their people out to the lower taxed property, or whatever, where these businesses are settled and where the executives like to work.

Senator **Clark.** You are hitting at a problem which has bothered me for the last 17 years, ever since I was elected mayor of Philadelphia. That not all, but so much of the brains and most of the wealth fleeing from the center city to the suburbs to be replaced by unskilled individuals with families, most of them from the South, and you find this wall of—I suppose the only word you can use is prejudice—created in the largely white popular suburbs against paying any attention at all to the critical social and economic problems of the residents of the slums, and I have thought about it a lot and written about it a lot.

I don't have any solution.

Mr. **Freeman**. You are, of course, Senator, vastly more experienced and well acquainted with that particular problem. Again I don't think that it can all be laid to the door of prejudice.

Senator **Clark**. Let's put it this way—to be laid at the door of human nature.

Mr. **Freeman**. Of human nature. People like to be with those in their own economic strata and so forth. They don't want to deal with the have-nots except through the traditional charitable way, and we are a very generous country in that regard.

However, you asked me earlier, while you were taking testimony from Dr. Mangum, about this public-private balance here. Public service employment, is that the answer, as opposed to private employment?

I think that it has some relationship to this question that we are now on. Let me say that I don't think it is an either/or proposition by any means.

Senator **Clark**. Not at all.

Mr. **Freeman**. I think that the public sector must take up a part of the job of creating jobs.

Senator **Clark**. What do you think about the concept of the Federal Government or local and State governments as the employer of the last resort? In other words, you don't get into it unless the Government tries it first.

Mr. **Freeman**. Aside from the accusation that demeans or degrades public employment, I think that last resort, if it is the only resort, should be. After all, there are a great many people who would prefer public employment to private employment.

Senator **Clark**. Including all Members of the U.S. Senate.

Mr. **Freeman**. But at a substantially lower level, Senator, however, I think that is only in part valid. The public sector is as guilty, if guilt is the proper word, of not implementing its own policies.

The obstructions, the barriers, to the employment of people at entry-level jobs in the Federal and local governments are created by the same unreal standards or qualifications of work as in the private sector. When we talk about taking a new look at these—to reengineer positions, so that they are performed by two or three people at a lower level than one person and create three jobs for one—we are not talking about lowering standards of performance.

We are talking about looking really at the qualifications to do the job and your example of the high school graduate or 10th grader versus a person who can read or write is an example.

I have heard a classic case, which, as a matter of fact—you mentioned OIC—Rev. David Eaton here locally used. He is the director of the local OIC. The example he uses is that of keypunch operators under civil service requirements having to take a hearing examination. Except in cases where they were deaf and dumb. In that case, the hearing examination is waived. This is quite humorous and I don't really know whether it is true. It is a good story to tell and it does set the matter in perspective. There are equally real cases as dramatic as that.

The public sector, therefore, in implementation of a bill such as you have proposed, can do a great deal more than merely creating new positions. Right here in Washington, the fact that the Federal Government employs a great many people out of the city and takes them to a place of work in an environment that is different from that in which they live. It seems to me this can be used in furtherance of a broader policy of making a metropolitanwide regional population in which the ghetto people participate as well as all the other people who surround this hole in the middle.

I do think however that the private sector will and can do a great deal more. Whether it be through tax credits or whether it be through this contractual arrangement under the present Manpower Development and Training Act. I assume that the administration of a tax credit program would have to be somewhat similar to the present administration of the Labor Department contracts directly with employers. Meaning that certification by the employment service or another capable organization of the economic status of the individuals for whom the employer could be given this credit would have to be made.

However, I don't think it is realistic to expect increased private employment of the disadvantaged until private employers can see it is in their own best economic self-interest for them to vastly expand their recruiting of people that have to be trained; unless there is a partnership with the Federal Government where you use the resources that are available in terms of money that the Federal Government alone has and the supposed know-how and capability of the private business sector to train people to perform. The ingredient I worry about, Senator, and one that constantly pokes its head up in our dealings, is what kind of reception does this disadvantaged person coming to his first position on the job have from his immediate supervision and from the rank and file who are not accustomed to having to work with his person who is not conditioned to the world of work and to the normal incentives and inductments that we think of as everyone normally possessing. The assumption that everyone should want to work and everyone should want to achieve through his own individual initiative. These people haven't that orientation.

I wanted to talk about two or three additional items. One is the longer range prospect through legislation for which your subcommittee could be responsible. It may very well fall under the jurisdiction of the education committee. That is the link between the long range and the baidaid immediate approach.

Senator CLARK. You say bandaid.

Mr. FREEMAN. The "baidaid approach." I refer to what we are trying to do on a crash basis today in a curative way as we are trying to stop a wound that is already open.

Senator CLARK. I have used the analogy that what we are doing in this country today is putting scotch tape on a bleeding wound.

Mr. FREEMAN. That is exactly it.

Senator CLARK. Of course a bandaid is a little bit more effective than scotch tape.

Mr. FREEMAN. Even if we could wrap it up properly in surgical gauze and do the proper job, we must be concerned that we are not doing the same thing next year, and next year, and next year. We can avoid that, only through reevaluating the status of the trades and skills of the vocational training in our society.

Senator **Clark.** I agree with you that the solution is educational and not manpower policy. That is going to take a generation, isn't it, maybe more.

Mr. **Freeman.** The immediate future generation. People who next year, or 2 years from now will be seeking positions. So it is not really a next generation. It is a younger generation of working people who are in the labor market potentially in the very, very near future.

I wouldn't sit here and accuse the educational establishment of a great measure of unreality in their approach but there is an awful lot of tradition.

Senator **Clark.** I would.

Mr. **Freeman.** All right. If you will I will too. Traditional approach to curriculum development and in the process of education.

Senator **Clark.** Let me just ask you to speculate on this. I heard an interesting discourse on Sunday. I happened to go to church and our church is divided and a Jewish rabbi delivered a sermon in the morning. He was talking about communications and the bodies of religion and he said the Ford Foundation had announced that the average America preschool children—which just scares me to death—looked at television for over 50 hours a week. That the end result was that a child of six was much brighter today than formerly with respect to public affairs and well aware of everything from riots in Birmingham to the Indiana primary but couldn't read and write. That ours was becoming a nonbook society and indeed a non-proreligion so it was felt, for example, that us Protestants were on the way out and the Catholic Church was on the way in and so were oriental religions and his Jewish faith was also on the way out with the Protestants.

So that the poor and apparently quite irrelevant comment of mine is that perhaps you can speed up very significantly the education process if you can divert it a little bit less from the concept in the book that Jack and Jane went out with Spot to getting some real effective educational television role here in terms of motivation, in terms of the feeling that I have to get a job and then kind of elementary education training which would equip them for a job if they are not going to go on to become a Ph. D.

Mr. **Freeman.** Exactly, Senator.

Senator **Clark.** Do you think this makes some sense?

Mr. **Freeman.** Yes, very much. I said at the outset of my testimony that I became very interested in the manpower development world because of the accomplishments under Federal programs and certainly in other sectors of our society that had been made in the oversees training or education. I don't think there is a hard fast line that can be drawn between training and education, in the area about which we are speaking.

The fact of the matter is that the experience in all cognitive processes of learning the change in the whole approach to why a person learns and how he learns and what he is interested in learning has been explored and is being explored and experimented with very widely today. It was achieved to a great measure of success by the Peace Corps training, as I indicated. I am not saying this because I was responsible for a great part of the Peace Corps training. However, we did have to deal with the traditional educator on the college campus and to give him the free rein and the freedom out of his own institutional environment for a cross-disciplinary approach of creating new ways of learning which would open people up to understanding much more quickly.

Now, this is an application that surely can be made in our vocational education and in our domestic educational establishment. There is no such thing as "vocational" education really. It is all education. We are certainly not talking about creating trade schools in the ghetto and having all of the wealthier people of the suburbs go on to prepare themselves for college.

We are talking about what educators refer to as a comprehensive type, organic learning process. Where a man learning to read may learn to read by reading specifications. Where a man in learning mathematic may learn through construction mathematics, and so forth. So that if he does choose and is qualified to go on to college he has certainly a wider exposure to a practical basis for his learning than he would have in a purely acedemic curriculum. If he doesn't choose to do so, them as a carpenter or a craftsman he has been exposed to some theory beyond that which will normally touch his life.

I think this can be done. I think there is a talent in this country to do it and this where manpower development and education merge. We are talking about developing resources of our society; in a society that seems to be reaching full employment and yet we know that in the center of our cities, Philadelphia, Pittburgh, wherever we have statistics comparable to those here in Washington, separate studies than from the Bureau of Labor Statistics, which have shown under employment ranging from 8, 10, 15, 20 percent on a definition of people who are working full time but cannot support their families or only part time because there is no full-time work open to them or who are far more educated or potentially capable of performance greater than the performance called upon.

Senator **Clark**. When we were developing this S. 3063, we concluded with the help of some statistics from the Labor Department that there were roughly 4,400,000 Americans either unemployed or so underemployed that they were nevertheless still in the poverty category, that there were 2 million jobs available for which there were presently no takers, that therefore we had to take 2 million of the 4,400,000 and give them skills necessary to fill the 2 million empty jobs and take the other 2,400,000 and create jobs for them.

So we figured, "Well, let's take half of them out of the private sector and half of them out of the public sector." I am sure this a meat-ax approach but at least it is the basis on which we justify the legislation.

I think it makes some sense. Do you want to comment on that?

Mr. **Freeman**. I will, Senator. It certainly does make sense. What you are talking about, of course, with the underemployed is an upgrading type of training which the private and public sectors should be much more capable of doing than dealing with those who are totally, supposedly, unemployable and need a far greater exposure than just skill training in order to prepare them to hold a job.

One of the virtues again of the MA 3 funding under the present legislation is that the incentive, or need, or demand for job retention is built in. You don't actually achieve anything in the long run until you take the unemployed people into useful endeavor and maintain them there for a long enough period of time that they achieve the degree of independent ability to stay on the job without support, without coaching, without the buddy system, and so forth, over a period of time.

Senator **Clark**. The starting point indeed is illustrated by the experience of the Job Corps where, when they come out of the Job Corps training, the rate of employment is pretty good but you take a look at it 6 months later and you find an awful lot of them are no longer working at the jobs or are in more menial jobs.

Mr. **Freeman**. Yes, sir. I am not speaking in any of my testimony here, of course, officially for the council, but from my own experience with them and the concept, I have been fairly critical of Job Corps and have been fairly knowledgeable about the local situation.

I don't believe that ever built into Job Corps was the element of actually identifying the jobs in the communities to which these people would return and training people for them and establishing liaison between employers and trainees at the time they were in this elaborate training setup. Nor was there any transition support for them once they returned; and this is the reason for nonjob retention.

They were trained in an isolated environment away from the experience of the real world. They didn't have to cope with their own daily private living conditions, their own budgetary problems, and so forth, of the whole man who functions independently on a job as a private citizen. This kind of training could have very easily been linked into the Job Corps concept in a local training situation into which these people would have been funneled after their camp training. There is some attempt to do that now, I understand, and I have not been close to it more recently.

Well, the other thing, Senator, that I wanted to emphasize here in closing, is that, so far as I am aware, this independent corporation which calls itself a Metropolitan Area Jobs Council is unique in the country.

I am very grateful for the foresightedness of the people who got together and put this corporation together. Business representatives, Urban League representatives, labor unions, which are very much a part of our organization. And we are continuously trying to draw in more members from the outlying regions who have some involvement directly, or incidentally but substantially, in manpower work.

The thing that we are trying to do and which I think is worth while considering is that we are creating a device, if you will, a system, a manpower system—rather than a single program—within an interdependent region which is typical of many of its facets to a great many of our burgeoning metropolitan regions of the country.

We hope that within existing legislation we can make better ties among the local organizations, public and private, who are involved. We hope also that our experience, collectively, will give us the ability to suggest all of the pluses and minuses of legislation such as this on a realistic basis for a particular region. So that the Secretaries of Labor, Health, Education, and Welfare, HUD, the Director of OEO, and others would have the ability to and would use such an organization to really know the needs of the community in terms of the size of the program and the organization that they should fund. So that we can have an end to all of the vertical down reach, if you will, from the upper level into each community, with separate organizations functioning next door to each other where the staffs know each other personally but haven't the vaguest idea what each of them do.

Senator CLARK. I think you put your finger on some very important psychological and social problems. Let me ask you, have you formed any opinion as to the desirability of these three pieces of legislation?

Mr. FREEMAN. Not much further than I have stated, Senator. I think that the approach expressed by your proposals is realistic and is necessary. I don't know what the magnitude is and I think again that this should be defined through some vehicle which is responsive to the local need for the public sector to step in and create employment.

Senator CLARK. I indicated to you a minute or two ago how we arrived at making the program. We don't have a dollar figure in there but obviously it would be a very high dollar figure.

Therefore we have to find the money either from cutting back on present programs such as the military, or increasing the taxation or something of that sort and therefore you have the problem of priorities and how important this one is.

Mr. FREEMAN. Well, sir, I would say that there is obviously a need for more public employment but that, if you are going to administer this on a total national basis in terms of numbers rather than merely authorize it, I think we are in somewhat of a difficulty.

I believe that the two approaches should be in tandem, that everything that can be done realistically to induce the private sector to employ more people and to re-engineer and to define how they can work better with the organizations capable of training them should be done. At the same time, the complementary numbers that cannot be absorbed in any particular region by the private sector, once you actually know this and you are authorized by this legislation to move ahead, then and only then should the executive branch move full steam with the creation of more public employment.

That would be my conclusion.

Senator CLARK. Thank you very much. Do you have any comment about the continuation of the Manpower Development and Training Act, the continuation of the authorization for another 3 years.

I suppose the basic factor is that your opinion is that the Manpower Development and Training Act has been sufficiently successful so that we should continue it, or do you think it ought to be scrapped?

Mr. FREEMAN. Oh, I wouldn't say it should be scrapped, Senator. No, of course not. I would say however, that it needs more than mere continuation. If nothing else, there should be written into this prerequisite for advice and counsel at the local level, if not for approval, by a totally respresentative group of local organizations from all segments of the community.

Senator CLARK. How about Senator Javits S. 3249, the National Manpower Act of 1968? Have you had a look at that?

Mr. FREEMAN. I believe that it tends toward or trends toward what we have tried to do here, Senator. So naturally I would say that, in a very general way and without having gotten into every detail of what it would do, I am generally in favor of it.

I think it is a bit complicated for me, sir, in the way that the organization is created and in the liaison that it creates.

I think it kind of creates a superstructure, another operating organization on top of other organizations. I think that it would be better off to be purely a planning and coordinating organization rather than an operating organization.

Senator **Clark**. Senator Javits doesn't like it when I suggest to him that he glorifies the corporation.

Thank you very much, Mr. Freeman. This is very helpful and useful testimony in which you have given substantial assistance to the subcommittee. Mr. Murphy of Senator Scott's staff has some questions which we would like to have you answer.

Mr. **Murphy**. Thank you Mr. Chairman. I have only one question, which is really kind of wondering out loud with Mr. Freeman if I might for a minute.

Jobs Council suggests to me the idea of an urban coalition, at least with respect to manpower development and training. I wonder if I could draw an analogy with you here between the activities of the Metropolitan Washington Council of Governments and similar voluntary councils of governments or regional planning agencies around the country, particularly in the metropolitan areas, and their functioning under section 204 of the Demonstration Cities and Metropolitan Development Act of 1966.

Section 204 stipulates that all applications, by governmental jurisdictions within a metropolitan area, for Federal grants and loans for specified projects that have a significant impact upon the development of the area—airports, highways, hospitals, sewerage facilities and waste treatment plants, and three or four others—must be submitted for review to the areawide planning agency—which in the case of the National Capital area is the Metropolitan Washington Council of Governments—for its comments as to the consistency of the proposed project with the area's comprehensive development plan.

I wonder if we could draw an analogy between this reviewing and coordinating function of the Metropolitan Washington Council of Governments with respect to the Demonstration Cities and Metropolitan Development Act and the contemplated function of your organization with respect to manpower development programs and, if we could draw such an analogy, could such a review and coordinative concept be applied in other major metropolitan areas?

Could appropriate legislation be developed to offer incentives to these areas to form such consortiums or coalitions, or whatever you want to call them, for the purpose of planning and coordinating manpower programs? Is this a feasible idea?

Mr. **Freeman**. I think the analogy is a very good one. Of course there are problems. I don't know if that is really the right word. There are elements in manpower development because you are dealing wtih a less manipulative item, if you will, people, than when you are talking about a pipeline or a road.

Now of course the human ingredient of reaction to highways or sewerage control or air pollution is there and it is an element, but it is not the primary subject you are dealing with.

What I am saying is that in manpower development and employment, we are in an area which is fraught with much more emotionalism and politics really in some senses than the Council of Governments responsibilities under the Demonstration Cities Act.

But the analogy is good, and I think that these elements are not barriers. Yes, we are, I believe, striving to that end.

I make it quite clear in my prepared statement that we will be nothing more than a congenial group of people who have found certain common grounds upon which we can meet and talk, but not able really to have sanctions for implementation, unless we have those powers given to us by legislation wherein we are recognized as capable of sewing together all the direct aspects of manpower development—that is: recruiting, identifying, orienting, prejob training, on-the-job training; and also the supportive factors, such as the transportation element, the day care center element, and other related factors.

Unless there is some funnel, if you will, some instrumentality which singularly can be representative of the jurisdictions within the metropolitan region and of the several and separate functions—the welfare, the vocational rehabilitation, the employment service, the indigenous community organizations, the employers, the labor unions—you cannot expect to ever have the implementation of manpower policy become a cohesive, coordinated, much less a consolidated, attack upon your unemployment problems.

I would personally say that the council would welcome this legislative directive, though there would certainly be initial apprehension among members of our organization who have traditionally had the ability to go directly to the funding source, to the tap, if you will, and to write a nice proposal and to get what they want. But the ability to do that is really part of the problem. It has been said, and I think rightfully, that anyone who wants to take a sabbatical—and let us take that type, for example—and come to a city like Washington or New York or Chicago and do a study and make recommendations, can get all kinds of money from one or another branch of the executive department and go ahead and do this; and nothing ever comes out of it because it is lost in the woodwork somewhere. Too often they are starting to rediscover the wheel all over again. They are not building upon the collective experience of the people who are there.

Such an organization as ours also requires a very modest monetary investment from public or private sources, I might remind you. It must be fully representative. Or you could never utilize it in the way that we are projecting here. And it must not be allowed to mount its own programs except as coordinative machinery, except as planning machinery, not to take away from others, to replace or duplicate.

For example, if there is a necessity to create another training mechanism within the community, says a new technical institute, the coalition should not become it. It should only recommend how it can be brought about by identifying the resources in a community. Does that answer your question?

Mr. **Murphy**. Yes, indeed. I just have one more question.

As I understand the functioning of the council, it might be best be summarized by the "three C's": communication, cooperation, and coordination. Since yours is a fledging organization, it is at least in the first stage, as I understand it—that is, communications—of really getting together and sitting down, having various members and groups sitting down for the first time and talking to each other.

Mr. **Freeman**. That is right, sir.

Mr. **Murphy**. Getting acquainted with each other. This is the first step leading the others. I wonder if you would care to elaborate on that.

Mr. **Freeman**. I would like to comment on that because it is really remarkable to see what happens. You know that river out there, the Potomac, is as wide as an ocean. And so is the line that was scratched on the ground when the District of Columbia was separated from the sovereign State of Maryland.

These people have not known each other. There have been certain stereotype fears, apprehensions. We have done some remarkable things together in terms of interpersonal activity with one another. So far as the "three C's" are concerned, I believe that this is only a beginning. Communications, of course, must go on and must be the essence of anything that you do accomplish, so that there is an awareness in advance of the programs and there is a sharing of experience.

The cooperation will come about, and also the coordination of efforts, as we have been capable of bringing them about in the Metropolitan Washington summer youth employment program.

We felt early last fall, "This is something, reluctantly however, we should take on."

Our main thrust obviously was not to deal with temporary summer employment programs. But no one had been capable of advance planning so as to avoid crash programs of previous summer years.

We created from our membership a Summer Youth Employment Planning Committee. We worked up the aspects of the recruitment through the schools and through the outreach organizations of the Employment Service and the United Planning Organization, HWC, Health and Welfare Council, and other member organizations.

We worked up the job development aspects through our private sector representatives, mainly the merit employment task force of the board of trade, and through the board of trade itself. And we worked this up on a metropolitan basis through such members as the Council of Governments, because we wanted to make an impact on the public employment of youth in the outlying local government offices as well as in the District of Columbia offices.

Late in our planning, the District of Columbia youth unit—it is a new office of the Mayor, of the Commissioners—joined us so that we were sure that whatever the District of Columbia did as an employer would be tied in with our total work. Now we have "spun off," so to speak, a separate organization of which we are a part only in a kind of advisory capacity: the Summer Youth Employment Alliance.

They purpose to be capable, or this summer alliance organization intends to be capable, of handling the whole public and private employment aspect of the summer experience while the governments, through Federal funding—and I presume some local funding—mount the recreation and educational and cultural activities.

So we have actually moved to a coordinative aspect in a particular case, in an example. It has been a great experiment to see whether we could work together. We had a target to work toward, something that had to be done right now. And the measure of success, I think, is quite remarkable.

I would suspect that the next "C" has to be something beyond coordination. Coordination leaves still too much independent activity at all levels. I know no one likes to be coordinated, much less to be consolidated. But I think there is a time when consolidation is important; and with it a policy at the Federal level, perhaps one that would have to come through Labor Department implementation, of a more regional direction for the operations directly performed by the Federal and local governments, in vocational rehabilitation, in welfare, and in employment, particularly.

To illustrate: the employment services in northern Virginia, in order to cooperate and work with us, must be sanctioned through their offices in Richmond. The employment field representative of the Maryland Employment Security must work through Baltimore. Fortunately, we have his boss in each case on our council. They are geographically way beyond our metropolitan region, but they are responsible for a jurisdiction within our metropolitan region.

But that doesn't stop the fact that we become for him, this individual field employment man in northern Virginia and southern Maryland, another factor to deal with, which he wouldn't deal with unless he wanted to see this regional approach come about. He has to file yet another kind of report and have yet another kind of a meeting with us, because he is still responsible for the State picture, for what part he is playing in something that is being generated at the State level.

I don't think this should be necessary. I think that the States which have population and land within a metropolitan region could very well accept, and would be very well satisfied with, the planning and implementation work that went on in the counties or other bodies politic of that part of the State within a metropolitan region. They could read from it a performance of their job which related to something across the river, across the boundary, as much as to their own State.

What I am saying is that so long as you have separate employment services in the separate jurisdictions which are primarily or entirely responsible to a headquarters beyond the metropolitan region, their capability of working across the geopolitical boundaries is really quite limited, if not impossible.

Mr. **Murphy**. Thank you very much, Mr. Freeman. And, again, I want to thank the chairman for this opportunity to ask these questions.

Mr. **Freeman**. Thank you.

Mr. **Clark**. The hearing is now recessed.

(Whereupon, at 12:50 p.m., the subcommittee recessed, to reconvene at 10:30 a.m., on Thursday, May 9, 1968.)

EMPLOYMENT AND TRAINING LEGISLATION—1968

THURSDAY, MAY 9, 1968

U.S. SENATE,
SUBCOMMITTEE ON EMPLOYMENT, MANPOWER, AND POVERTY,
OF THE COMMITTEE ON LABOR AND PUBLIC WELFARE,
Washington, D.C.

The subcommittee met at 10:30 a.m., pursuant to recess, in room 4232, New Senate Office Building, Senator Joseph S. Clark (chairman of the subcommittee) presiding.

Present: Senators Clark (presiding), Pell, Nelson, and Javits.

Committee staff members present: William C. Smith, counsel; Michael W. Kirst, professional staff member; and Robert E. Patricelli, minority counsel to subcommittee.

Senator CLARK. The subcommittee will resume its session. We are very happy indeed to welcome here the Secretary of Labor, Mr. Willard Wirtz, an old friend and companion of the subcommittee in the efforts which we have been mutually making over the years since 1961 to move forward on the rather frightening problems of manpower, employment, and poverty which confront the country.

Today we are specifically concerned with three bills, S. 2938, to extend certain expiring provisions of the Manpower Development and Training Act of 1962, as amended; S. 3249, the National Manpower Act of 1968, sponsored by Senator Javits and a number of others; and S. 3063, the Emergency Employment and Training Act of 1968, sponsored by me and by all my Democratic colleagues on the subcommittee.

Mr. Secretary, I have read with keen interest your prepared statement. I will ask to have it printed in full in the record at this point and in accordance with our conversation of just a moment ago I understand it is agreeable to you to go immediately to questions and discussion.

(The prepared statement of Mr. Wirtz follows:)

PREPARED STATEMENT OF HON. W. WILLARD WIRTZ, SECRETARY, U.S. DEPARTMENT OF LABOR

Mr. Chairman and members of the committee, I express once again my infinite respect for the contribution of this Committee—over the past six years—to the development of a national manpower policy and program. I would hope it not presumptuous to add, Mr. Chairman, a simple expression of the belief that your own personal contribution to this development makes literally millions of Americans—most of them poor—your particular debtors.

The setting of these hearings, and the careful focusing of attention on the questions set out in your letter of April 19th, are in the Committee's established tradition.

These questions are addressed in detail in the attachments to this statement. Assistant Secretary Stanley Ruttenberg and members of his staff, who prepared the attached material, are present here today to discuss it with the Committee members. This opening, or covering, statement itself will accordingly be brief.

The *fact* of continuing poverty and unemployment in this country is clear. It is enough to incorporate here by reference not only the other testimony before the Committee about this, and the reports of various Commissions, but also my own previous statements here—and the Committee's own earlier statements regarding it.

The question is how to meet this fact and destroy it.

This is the objective of the bills under consideration today: S. 2938 (To Extend Certain Expiring Provisions of the Manpower Development and Training Act of 1962, As Amended); S. 3063 ("Emergency Employment and Training Act of 1968") and S. 3249 ("National Manpower Act of 1968").

I urge the promptest possible affirmative action with respect to S. 2938.

This is essential to prevent almost immediate deterioration in both the magnitude and the quality of the MDTA programs.

Since its adoption six years ago, the MDTA has been both extended and improved. Its broad-gauged and flexible authority has been adjusted to meet the ever-changing needs of the manpower program.

The basic training authority under MDTA expires in 1969. The authority for (1) experimental programs in labor mobility, and (ii) a program of placement assistance where difficulty in obtaining surety bonds is a barrier to employment, expires June 30, 1968. S. 2938 proposes extension of the authority for the basic programs under the Act to 1972, for the experimental programs to 1970.

There is infinitely more difficulty about incisive comment on such bills as S. 3063 and S. 3249. My own sharing of this difficulty can hopefully be reduced, and the possibilities of misinterpretation minimized, by at least seeking this understanding:

If the question is whether the goals set in these bills—in terms of total employment results—are legitimate goals, my answer is an unqualified *yes*.

If the question is whether these goals *can* be reached—on approximately the schedule indicated in these bills—my answer is hopefully *yes*.

If the question is whether support of these particular bills represents the most effective means of reaching these goals most rapidly—taking account of all the realities—I respectfully suggest that the answer is, in my judgment, that it does not. It is an essential part of this conclusion that the evidence is clear that neither the country nor the Congress will presently support these bills. It is a considered, pragmatic judgment that whatever small effect my own testimony can have should be directed not toward *accepting* what might otherwise be possible but toward best *increasing* what can be done.

If the question were pressed in the form in which it is put in your letter, Mr. Chairman—"Assuming sufficient funds were available to finance the Clark Emergency Employment and Training Act of 1968 so that its stated goals could be met, would you support this legislation?"—I would have to answer that the question is presently so hypothetical that it precludes constructive answer.

I make four points in fuller response.

1. The present manpower programs—training and employment programs—are reaching approximately 1,000,000 people this year (FY 1968).

This is an increase from 75,000 five years ago. But the 1,000,000 figure does not meet the need.

2. President Johnson has accordingly proposed to the Congress a substantial increase in these programs for next year (FY 1969).

In round figures, the President's proposal is that there be a 30% increase in the number of people provided with training, work-training, and special employment opportunities next year.

The President is proposing an increase in the manpower budget from $1.6 billion this year to $2.1 billion next year.

It takes a good deal of faith—which I have—to rely on the expectation that the Congress will approve the $2.1 billion request now before it.

There has been every indication that any larger program—which Congress would view as more costly, although in fact it is not—would not be approved.

3. The National Advisory Commission on Civil Disorders—whose report I endorse, and which is identified as part of the reason for S. 3063 and S. 3249—gives full recognition to two essential courses of action, and to the unalterable priority between them:

The Report proposes programs of the type contemplated in S. 3063 and S. 3249—although with some differences in detail.

The Report also states: "*The major need* is to generate new will—the *will to tax ourselves* to the extent necessary to meet the vital needs of the Nation."

For many months now the President has had before the Congress a proposal to increase the national revenues. "The will to tax ourselves" has not yet been made manifest in the Congress. To the contrary. Until this "major need"—as identified by the Commission—is met, those who feel as you and I do, Mr. Chairman and members of the Committee, about abolishing poverty, seem to me obligated to recognize that our efforts have to be directed toward generating that new will as the essential condition of the enlarged programs we might propose to undertake.

4. There are presently underway and in operation two broad-scale programs which are built on the basic premise—of more *employment* and less reliance on training separate from employment—of S. 3063 and S. 3249.

The establishment of these programs reflects the significant fact that present authorization permits doing a good deal (although not all) of the *kinds* of thing these two bills would authorize. The biggest difference is in the contemplated scale of operation—the money involved.

The Concentrated Employment Program has been in operation now in 20 cities and two rural areas for periods of from four to ten months. It involves a significant element of private employer participation in the organization of CEP units, and is directed particularly at developing on-the-job training opportunities for "hard core" unemployed. The results under these programs so far have fallen short, in most areas, of our expectations. They are nevertheless showing sufficient hard evidence of working that the President has included provision in his FY 1969 budget recommendations for extending this program to 35 additional cities and 35 rural areas. The expansion of this program depends on Congressional action.

The JOBS programs, initiated in January in the President's Manpower Message to the Congress, is the best reason yet to believe that the hard-core unemployment problem *can* be met successfully.

We have allocated $106 million of our FY 1968 funds to the JOBS program, and the President has requested $244 million for FY 1969.

This program relies extensively on private employer participation in establishing it and administering it on a continuing basis. Private employers will provide the jobs—and *hire* the hard-core unemployed *at the outset*; their training comes after their employment starts. The Government pays the extra costs involved.

The JOBS goal is for commitments from private employers, by June 30, 1968, to employ 100,000 hard-core unemployed in the coming fiscal year, and a total of 500,000 in jobs by July 1, 1971. This is in the 50 largest U.S. cities.

A *complete* organization has now been set up by the National Alliance of Businessmen (under the chairmanship of Henry Ford II) for administering the JOBS program—including, in addition to the headquarters office, eight regional offices and 50 city units. These are manned largely by business executives whose services are contributed by their companies. Organized labor is represented, and it taking an active part in most cities. Close working relationships have been developed between the NAB and Government offices (including particularly the Department of Labor and the Department of Commerce).

JOBS companies have now made commitments to hire over 66,000 hard-core unemployed. The 100,000 June 30 goal will probably be met. Contracts have already been made with a few companies. A large number of others are now being negotiated.

Their critics say the CEP and JOBS programs won't work. So does earlier history. S. 3063 and S. 3249 may or may not proceed, in whole or in part, from this assumption. My best advice to the Committee is that these programs *will* work.

I urge respectfully, therefore, that the Committee include in its deliberations regarding S. 3063 and S. 3249 full consideration of (i) the evidence of the value and potential of the CEP and JOBS programs, and (ii) its previous sound admonitions against a proliferation of manpower programs which creates dangers of duplication and problems of coordination.

I note in this same connection a further statement in the Report of the National Advisory Commission on Civil Disorders: "All this serves to underscore *our basic conclusion: the need is not so much for the government to design new programs as it is for the nation to generate new will.* Private enterprise, labor unions, the churches, the foundations, the universities—all our urban institutions—must deepen their involvement in the life of the city and their commitment to its revival and welfare." (underscoring added). The President's JOBS program had been set up, shortly before, proceeding from this same basic conclusion.

In conclusion, Mr. Chairman and members of the Committee, I believe deeply that the priorities in meeting the problem of poverty—the problem of unemployment—and, to the extent it is related, the problem of civil disorder—are

"*One*—generating a "new national will;"

Two*—validating that new national will by a decision to pay the new national bill that goes with it—in higher taxes; and *then

***Three*—new programs.**

Our respective roles of leadership require our pressing forward in this area—not being content with any illusion that a new national will is self-generating.

I respectfully urge that we not divert the public from a full appreciation of its own responsibilities here by letting the dialogue center on proposals for government programs that are not going to be mounted until the public makes up its mind differently—and until the Congress reflects that change by approving at least the presently proposed tax measures.

I must hope fervently that everything said here sounds as it is intended: which is in full support, Mr. Chairman, of the basic compassion and conviction which inspire you and the members of the Committee—and all of us in the Department of Labor.

Senator CLARK. I want to thank you and your colleagues for the fine administrative job you did in preparing answers to our questions which were elaborate questions. I think the written material will be of great help to the subcommittee.

So without further ado I would like to direct your attention to your prepared testimony.

STATEMENT OF HON. W. WILLARD WIRTZ, SECRETARY, U.S. DEPARTMENT OF LABOR, ACCOMPANIED BY STANLEY H. RUTTENBERG, ASSISTANT SECRETARY FOR MANPOWER AND MANPOWER ADMINISTRATOR; AND CURTIS C. ALLER, ASSOCIATE MANPOWER ADMINISTRATOR FOR POLICY, EVALUATION AND RESEARCH, MANPOWER ADMINISTRATION, DEPARTMENT OF LABOR

Secretary WIRTZ. Mr. Chairman, I would first like to make just two or three little notes to complete this record, if I may.

Senator CLARK. Speak as long as you wish.

Secretary WIRTZ. They are just little matters of amendments. The first one is such a small matter that you will be surprised at my raising it, but I would appreciate it if the record at all points listed these bills in the order of their numbering.

My statement doesn't because of an error. I did this at home and was given the wrong number for these bills. This seems a very little thing.

Senator CLARK. Did I read the wrong numbers?

Secretary WIRTZ. No, no, you didn't give me the wrong numbers.

Senator CLARK. I mean did I read them?

Secretary WIRTZ. No.

Senator CLARK. I can never remember these numbers myself.

Secretary WIRTZ. It is a petty little thing except I would just like to suggest that they be listed in my testimony in the order in which they were numbered.

I would suggest, Mr. Chairman and members of the committee, that the record could also be improved by reference at this point to our release yesterday on both the unemployment figures in general and the poverty unemployment figures in particular.

Senator CLARK. Do we have them here?

Secretary WIRTZ. I do have them.

Senator CLARK. I will ask that this be printed in the record at this point if the Secretary has them. I haven't seen them.

(The information referred to follows:)

[U.S. Department of Labor, May 8, 1968]

THE EMPLOYMENT SITUATION: APRIL 1968

Unemployment fell for the second month and nonfarm payroll employment edged up in April, the U.S. Department of Labor's Bureau of Labor Statistics reported today. At 3.5 percent (seasonally adjusted) the April unemployment rate compares with 3.6 percent in March and equals the post-Korean low reached in January.

Payroll employment rose 110,000 (seasonally adjusted) in April, to 67.9 million. Much of the increase in employment was due to the termination of strikes in the copper mining and glass container industries.

In the first periodic release of what is to become a regular part of its program, the Bureau of Labor Statistics reported that the unemployment rate in the poorest one-fifth of the neighborhoods in the Nation's 100 largest cities was 7.0 percent in the first quarter of 1968, double the 3.4 percent rate of the remaining neighborhoods. Negro unemployment rates were higher than white rates both in these poor neighborhoods (8.7 as compared with 5.7 percent) and in the remaining neighborhoods (6.5 as compared with 3.1 percent).

UNEMPLOYMENT

The number of unemployed persons fell 150,000 more than seasonally between March and April to 2.5 million. Over half the April improvement occurred among teenagers. Unemployment rates edged down to 2.1 percent for adult men and 11.9 percent for teenagers. The jobless rate for adult women remained unchanged at 3.7 percent. For adult men, the jobless rate and level were at their lowest points since the Korean War.

Jobless rates for both white and nonwhite workers have edged down in the past two months. However, the nonwhite rate in April (6.7 percent) remained more than double the white rate.

State insured unemployment declined more than seasonally in April, the rate falling slightly to 2.2 percent.

Over the year, total unemployment was down 175,000, with declines of 100,000 for adult men and 70,000 for adult females. Teenage unemployment was not significantly changed from a year earlier. The bulk of the over-the-year decline for both adult women and men was among those last employed as blue-collar workers.

One of the major factors in the lower unemployment levels this April as compared with last April is an improved employment picture in durable-goods manufacturing. In April 1967, the manufacturing inventory-to-shipments ratio was excessive, and the jobless rate in durable-goods manufacturing was 3.4 percent. In April 1968, with a more favorable inventory-shipments ratio, the rate for durable goods workers had dropped to 2.7 percent. This reduction along with an improved job picture in construction, contributed heavily to a lower unemployment rate for blue-collar workers (down 0.7 percentage point to 3.9 percent) and the over-the-year decline in the level of unemployment.

INDUSTRY EMPLOYMENT

About two-thirds of the seasonally adjusted 110,000 increase in payroll employment in April occurred in manufacturing. Nearly all of the manufacturing increase (57,000) was in durable goods, accounted for by post-strike production pickups in the stone, clay, and glass and primary metals industries. The employment advance in nondurable goods (16,000) was concentrated in the apparel industry.

Small seasonally adjusted job increases were registered in finance, medical-health services, and State and local government. Employment gains were slightly smaller than usual in retail trade.

Over the year, payroll employment was up 2.3 million to 67.6 million. Government, trade, and services accounted for 1.7 million (nearly three-fourths) of the employment increase. Compared to a year earlier, manufacturing employment was up 250,000.

HOURS AND EARNINGS

Average weekly hours declined in most major industry groups in April. The decline was partially attributable to religious observances and to civil disturbances in a number of cities during the reference week. The average workweek for factory production workers fell 0.3 of an hour (seasonally adjusted) to 40.4 hours in April. Overtime hours in manufacturing dipped 0.4 hour to 3.0 hours.

Average hourly earnings for rank and file workers on private payrolls rose 2 cents over the month to $2.79. As a result, their average weekly earnings advanced to $104.63, 20 cents over the March level.

Weekly earnings for factory production workers were up $6.14 (5.5 percent) over the year. Their hourly earnings, at $2.96, were up 16 cents (5.7 percent) over the year.

TOTAL EMPLOYMENT AND LABOR FORCE

Both the labor force and total employment declined over the month on a seasonally adjusted basis. The nonagricultural employment decline of 130,000 was almost entirely accounted for by women.

Over the year, the expansion of job opportunities (1.7 million) was sufficiently large to absorb increases in the labor force (1.5 million) and to bring unemployment down to 2.5 million.

POVERTY NEIGHBORHOODS [1]

The 6.6 million workers (16 years of age and over) living in big-city poverty neighborhoods had a jobless rate of 7.0 percent in the first quarter of 1968. Their rate was twice that of persons living in the other urban neighborhoods (3.4 percent) and was also much higher than for the Nation as a whole (4.0 percent) during the quarter. Significantly, the widest gap existed between the jobless rates for adult males—usually family breadwinners—in poverty (5.5 percent) and in the remaining neighborhoods (2.3 percent). Teenagers in poverty areas also fared poorly; one-fifth were jobless in the poverty neighborhoods compared to one-ninth of the teenagers in the other areas.

About 15 percent of the Nation's unemployed workers lived in poverty neighborhoods of large cities in the first 3 months of 1968. Reflecting the disproportionate concentration of Negroes in these neighborhoods, about half of the unemployed were nonwhite (237,000 out of 457,000).

Negroes had higher jobless rates than whites in both the poverty and the other urban neighborhoods. In poverty neighborhoods, the rate for Negro men was 6.3 percent compared to 5.0 percent for white men (it was 4.2 vs. 2.2 percent in the other neighborhoods).

Poverty neighborhood dwellers not only had a higher incidence of joblessness but were more likely to have menial, low-paying jobs when working. Over half the employed poverty area workers were in semiskilled, unskilled and service jobs, compared with 35 percent in the Nation as a whole. The concentration at the lowest end of the occupation scale was especially marked for Negroes in poverty neighborhoods.

Joblessness in the cities and their poverty neighborhoods was little changed between early 1967 and 1968, although the data are not strictly comparable. Unemployment rates for Negro men in poverty neighborhoods were down somewhat from early 1967 to early 1968.

Summary first quarter averages for 1967 and 1968 for persons living in poverty and other urban neighborhoods are included in the back of this release in Tables C–1 and C–2.

---

[1] These sample survey data for poverty and other urban neighborhoods reflect the employment situation in the Nation's 100 largest standard metropolitan statistical areas taken as a whole. The poverty area classification system was developed by the Bureau of the Census for the Office of Economic Opportunity. Poverty areas were identified by ranking census tracts in metropolitan areas with a population of 250,000 or more on the basis of 1960 data on income, education, skills, housing, and proportion of broken families. The tracts that ranked the lowest on these indexes of relative well-being were initially designated as poverty tracts and grouped in poverty areas. The boundaries of poverty areas were adjusted to allow for major urban renewal activities since April 1960 and to achieve contiguity. Finally, areas including 4,660 tracts in 100 cities were designated as poverty areas. These areas probably include some middle- and upper-income families and of course exclude some poor families who live elsewhere. Thus, these data should be viewed as minimal estimates of the adverse conditions in poor neighborhoods. For a detailed description of the techniques employed, see *Characteristics of Families Residing in Poverty Areas: March 1966* (U.S. Bureau of the Census, Series P–23, No. 19). Definitions and additional data will also be presented in a forthcoming Monthly Labor Review article.

NOTE.—This release presents and analyzes statistics from two major surveys. Data on labor force, total employment, and unemployment are derived from the sample survey of households conducted and tabulated by the Bureau of the Census for the Bureau of Labor Statistics. Statistics on industry employment, hours, and earnings are collected by State agencies from payroll records of employers and are tabulated by the Bureau of Labor Statistics. A description of the two surveys appears in the BLS publication *Employment and Earnings and Monthly Report on the Labor Force.*

TABLE A-1.—EMPLOYMENT STATUS OF THE NONINSTITUTIONAL POPULATION, BY AGE AND SEX

[In thousands]

Employment status, age, and sex	April 1968	March 1968	April 1967	Seasonally adjusted				
				April 1968	March 1968	Feb. 1968	Jan. 1968	Dec. 1967
TOTAL								
Total labor force	81,141	80,938	79,560	81,849	82,150	82,138	81,386	81,942
Civilian labor force	77,634	77,447	76,111	78,343	78,658	78,672	77,923	78,473
Employed	75,143	74,517	73,445	75,636	75,802	75,731	75,167	75,577
Agriculture	3,851	3,537	3,721	3,980	4,014	4,127	4,003	4,216
Nonagriculture industries	71,292	70,980	69,724	71,656	71,788	71,604	71,164	71,361
On part time for economic reasons	1,493	1,670	1,909	1,591	1,743	1,775	1,537	1,807
Usually work full time	828	866	1,179	827	851	915	729	944
Usually work part time	665	804	730	764	892	860	808	863
Unemployed	2,491	2,929	2,666	2,707	2,856	2,941	2,756	2,896
MEN, 20 YEARS AND OVER								
Civilian labor force	45,616	45,483	45,012	45,716	45,792	45,909	45,770	45,783
Employed	44,647	44,264	43,943	44,758	44,783	44,842	44,740	44,775
Agricutlure	2,891	2,750	2,844	2,877	2,892	2,955	2,931	2,951
Nonagricultural industries	41,755	41,514	41,098	41,881	41,891	41,887	41,809	41,824
Unemployed	969	1,219	1,069	958	1,009	1,067	1,030	1,008
WOMEN, 20 YEARS AND OVER								
Civilian labor force	26,118	26,141	25,270	25,918	26,094	26,070	25,810	26,348
Employed	25,215	25,153	24,298	24,969	25,128	25,036	24,802	25,273
Agriculture	567	486	547	637	681	690	683	825
Nonagricultural industries	24,648	24,667	23,751	24,332	24,447	24,346	24,119	24,448
Unemployed	903	988	972	949	966	1,034	1,008	1,075
BOTH SEXES, 16 TO 19 YEARS								
Civilian labor force	5,901	5,823	5,828	6,709	6,772	6,693	6,343	6,342
Employed	5,281	5,100	5,205	5,909	5,891	5,853	5,625	5,529
Agriculture	393	301	331	466	441	482	389	440
Nonagricultural industries	4,889	4,799	4,874	5,443	5,450	5,371	5,236	5,089
Unemployed	620	722	623	800	881	840	718	813

TABLE A-2.—UNEMPLOYED PERSONS 16 YEARS AND OVER BY DURATION OF UNEMPLOYMENT

[In thousands]

Duration of unemployment	April 1968	March 1968	April 1967	Seasonally adjusted				
				April 1968	March 1968	February 1968	January 1968	December 1967
Less than 5 weeks	1,224	1,461	1,314	1,507	1,689	1,721	1,360	1,418
5 to 14 weeks	739	893	775	830	755	776	840	968
15 weeks and over	528	575	576	398	448	455	488	445
15 to 26 weeks	346	370	362	241	268	286	302	259
27 weeks and over	182	206	213	157	180	169	186	189

TABLE A-3—MAJOR UNEMPLOYMENT INDICATORS (PERSONS 16 YEARS AND OVER)

Selected categories	Thousands of persons unemployed		Seasonally adjusted rates of unemployment					
	April 1968	April 1967	April 1968	March 1968	Feb. 1968	Jan. 1968	Dec. 1968	April 1967
Total (all civilian workers)	2,491	2,666	3.5	3.6	3.7	3.5	3.7	3.7
Men, 20 years and over	969	1,069	2.1	2.2	2.3	2.3	2.2	2.3
Women, 20 years and over	903	972	3.7	3.7	4.0	3.9	4.1	4.1
Both sexes, 16–19 years	620	623	11.9	13.0	12.6	11.3	12.8	12.0
White	1,974	2,119	3.1	3.2	3.3	3.2	3.3	3.3
Nonwhite	518	547	6.7	6.9	7.2	6.4	6.9	7.2
Married men	609	739	1.5	1.7	1.7	1.6	1.7	1.9
Full-time workers	1,885	2,114	3.1	3.2	3.4	3.3	3.3	3.4
Unemployed 15 weeks and over	528	576	.5	.6	.6	.6	.6	.6
State insured [1]	1,174	1,387	2.2	2.3	2.3	2.4	2.2	2.7
Labor force time lost [2]			3.7	4.0	4.2	4.0	4.1	4.0
OCCUPATION								
White-collar workers	613	577	1.8	1.9	2.2	2.0	2.1	1.8
Professional and managerial	141	173	.8	.9	1.1	1.0	1.1	1.1
Clerical workers	345	294	2.8	2.9	3.3	3.0	3.2	2.5
Salesworkers	126	110	3.0	3.2	2.9	2.9	2.8	2.7
Blue-collar workers	1,125	1,311	3.9	4.4	4.3	4.3	4.3	4.6
Craftsmen and foremen	254	311	2.2	2.6	2.5	2.7	2.1	2.8
Operatives	649	731	4.4	4.7	4.9	4.6	5.0	5.0
Nonfarm laborers	223	269	6.5	7.8	7.2	7.8	7.4	7.6
Service workers	399	379	4.5	4.0	4.4	4.1	4.8	4.1
INDUSTRY								
Private wage and salary workers [3]	1,920	2,022	3.4	3.6	3.8	3.6	3.8	3.7
Construction	220	304	5.7	8.0	7.4	8.3	6.1	8.1
Manufacturing	703	768	3.3	3.5	3.6	3.3	3.5	3.6
Durable goods	329	411	2.7	3.1	3.4	2.8	3.5	3.4
Nondurable goods	374	357	4.1	4.0	3.9	4.0	3.6	4.0
Transportation and public utilities	60	86	1.4	1.6	2.1	1.9	2.2	2.0
Wholesale and retail trade	468	420	3.8	4.0	4.3	4.1	4.2	3.5
Finance and service industries	457	427	3.5	3.1	3.4	3.1	3.6	3.4
Government wage and salary workers	163	180	1.6	1.8	1.8	1.9	2.0	1.8
Agricultural wage and salary workers	87	93	6.0	6.3	4.3	4.8	5.0	6.4

[1] Insured unemployment under State programs as a percent of average covered employment.

[2] Man-hours lost by the unemployed and persons on part time for economic reasons as a percent of potentially available labor force man-hours.

[3] Includes mining, not shown separately.

TABLE A-4.—FULL- AND PART-TIME STATUS OF THE CIVILIAN LABOR FORCE

Full- and part-time employment status	Total	Men, 20 and over	Women, 20 and over	Both sexes, 16-19 years
FULL TIME				
Civilian labor force	66,729	43,552	20,502	2,675
Employed:				
Full-time schedules	63,150	41,880	19,090	2,180
Part time for economic reasons	1,693	799	713	182
Unemployed, looking for full-time work	1,885	873	699	313
Unemployment rate	2.8	2.0	3.4	11.7
PART TIME				
Civilian labor force	10,906	2,063	5,616	3,226
Employed (voluntary part time)	10,300	1,968	5,412	2,920
Unemployed, looking for a part-time work	606	95	204	307
Unemployment rate	5.6	4.6	3.6	9.5

TABLE A-5—EMPLOYED PERSONS BY AGE AND SEX

[In thousands]

Age and sex	April 1968	March 1968	April 1967	Seasonally adjusted				
				April 1968	March 1968	February 1968	January 1968	December 1967
Total, 16 years and over	75,143	74,517	73,445	75,636	75,802	75,731	75,167	75,577
16 to 19 years	5,281	5,100	5,205	5,909	5,891	5,853	5,625	5,529
16 and 17 years	2,131	1,993	2,043	2,440	2,469	2,467	2,319	2,346
18 and 19 years	3,151	3,107	3,162	3,456	3,479	3,389	3,328	3,222
20 to 24 years	8,549	8,464	8,282	8,649	8,653	8,676	8,682	8,720
25 years and over	61,313	60,953	59,959	61,088	61,250	61,203	50,847	61,337
25 to 54 years	41,535	47,345	46,461	47,396	47,615	47,538	47,365	47,544
55 years and over	13,778	13,609	13,498	13,667	13,718	13,715	13,604	13,802
Males, 16 years and over	47,648	47,050	46,836	48,083	48,059	48,056	47,790	47,885
16 to 19 years	3,001	2,785	2,893	3,325	3,276	3,214	3,050	3,110
16 and 17 years	1,318	1,192	1,223	1,468	1,499	1,501	1,414	1,457
18 and 19 years	1,684	1,594	1,670	1,844	1,824	1,735	1,661	1,681
20 to 24 years	4,672	4,613	4,655	4,776	4,791	4,844	4,843	4,826
25 years and over	39,975	39,651	39,288	40,017	40,004	40,000	39,891	39,945
25 to 54 years	31,018	30,864	30,517	31,038	31,123	31,084	31,031	31,015
55 years and over	8,958	8,787	8,770	8,921	8,921	8,931	8,901	8,944
Females, 16 years and over	27,495	27,468	26,610	27,553	27,743	27,675	27,377	27,692
16 to 19 years	2,280	2,315	2,312	2,584	2,615	2,639	2,575	2,419
16 and 17 years	813	801	820	972	970	966	905	889
18 and 19 years	1,467	1,514	1,492	1,612	1,655	1,654	1,667	1,541
20 to 24 years	3,877	3,851	3,627	3,873	3,862	3,832	3,839	3,894
25 years and over	21,338	21,302	20,671	21,071	21,246	21,203	20,956	21,392
25 to 54 years	16,518	16,481	15,944	16,358	16,492	16,454	16,334	16,529
55 years and over	4,820	4,822	4,728	4,746	4,797	4,784	4,703	4,858

Note: Due to the independent seasonal adjustment of several of the series, detail will not necessarily add to totals.

TABLE A-6—UNEMPLOYED PERSONS BY AGE AND SEX

Age and sex	Thousands		Percent looking for full-time work April 1968	Seasonally adjusted unemployment rates					
	April 1968	March 1968		April 1968	March 1968	Feb. 1968	Jan. 1968	Dec. 1967	April 1967
Total, 16 years and over	2,491	2,929	75.7	3.5	3.6	3.7	3.5	3.7	3.7
16 to 19 years	620	722	50.5	11.9	13.0	12.6	11.3	12.8	12.0
16 and 17 years	297	352	28.6	13.5	15.2	15.8	13.4	14.7	14.0
18 and 19 years	323	370	70.6	10.8	11.4	10.9	9.9	11.3	10.9
20 to 24 years	449	571	84.4	5.4	6.0	6.4	5.6	5.8	5.3
25 years and over	1,423	1,637	83.8	2.3	2.3	2.4	2.5	2.5	2.6
25 to 54 years	1,138	1,278	86.6	2.4	2.3	2.4	2.5	2.5	2.7
55 years and over	285	357	72.6	1.9	2.2	2.3	2.5	2.5	2.5
Males, 16 years and over	1,289	1,619	78.1	2.7	2.9	3.0	2.9	2.9	3.1
16 to 19 years	320	400	41.9	10.4	11.8	12.0	11.7	12.0	12.0
16 and 17 years	196	222	13.8	13.9	13.9	13.3	13.1	14.2	15.0
18 and 19 years	125	178	64.0	8.0	9.8	10.6	10.3	10.0	10.3
20 to 24 years	231	305	87.4	4.9	5.4	5.5	4.6	4.8	4.1
25 years and over	737	914	91.2	1.8	1.8	1.9	1.9	1.9	2.1
25 to 54 years	555	683	96.8	1.7	1.7	1.8	1.9	1.7	2.0
55 years and over	182	230	74.2	1.8	2.1	2.2	2.5	2.7	2.6
Females, 16 years and over	1,202	1,310	73.0	4.7	4.8	4.9	4.6	5.0	4.9
16 to 19 years	299	322	59.9	13.8	14.5	13.2	10.9	13.9	12.1
16 and 17 years	101	130	31.7	12.9	17.2	19.5	13.8	15.5	12.5
18 and 19 years	198	191	74.7	13.9	13.1	11.3	9.4	12.6	11.5
20 to 24 years	217	266	81.6	5.9	6.7	7.5	6.9	6.9	6.7
25 years and over	686	723	75.9	3.3	3.2	3.3	3.4	3.5	3.6
25 to 54 years	583	595	77.0	3.6	3.4	3.5	3.6	4.0	3.9
55 years and over	103	127	69.9	2.1	2.4	2.6	2.6	2.2	2.4

TABLE B-1—EMPLOYEES ON NONAGRICULTURAL PAYROLLS, BY INDUSTRY

[In thousands]

Industry	April 1968	March 1968	February 1968	April 1967	Change from— March 1968	Change from— April 1967	Seasonally adjusted April 1968	Seasonally adjusted March 1968	Seasonally adjusted February 1968	Seasonally adjusted Change from March 1968
Total	67,563.0	66,787.0	66,479.0	65,215.0	776.0	2,348.0	67,921	67,813	67,712	108
Mining	615.0	586.0	586.0	614.0	29.0	1.0	621	603	604	18
Contract construction	3,247.0	3,033.0	2,956.0	3,106.0	214.0	141.0	3,425	3,439	3,461	−14
Manufacturing	19,434.0	19,334.0	19,314.0	19,181.0	100.0	253.0	19,585	19,512	19,524	73
Production workers	14,235.0	14,163.0	14,144.0	14,104.0	72.0	131.0	14,364	14,317	14,326	47
Durable goods	11,439.0	11,331.0	11,332.0	11,298.0	108.0	141.0	11,463	11,406	11,424	57
Production workers	8,332.0	8,244.0	8,240.0	8,271.0	88.0	61.0	8,346	8,307	8,318	39
Ordnance and accessories	305.3	304.5	304.8	285.8	.8	19.5	307	306	305	1
Lumber and wood products	590.0	581.3	580.3	579.6	8.7	10.4	603	606	607	−3
Furniture and fixtures	465.6	463.9	463.9	451.0	1.7	14.6	470	467	469	3
Stone, clay, and glass products	639.0	574.9	583.8	624.5	64.1	14.5	643	594	610	49
Primary metal industries	1,314.5	1,285.8	1,282.5	1,314.1	28.7	.4	1,305	1,287	1,292	18
Fabricated metal products	1,340.7	1,353.9	1,351.5	1,346.7	−13.2	−6.0	1,347	1,368	1,366	−21
Machinery, except electrical	1,977.8	1,975.1	1,965.2	1,988.7	2.7	−10.9	1,968	1,965	1,961	3
Electrical equipment	1,905.1	1,903.6	1,921.4	1,902.9	1.5	2.2	1,919	1,917	1,925	2
Transportation equipment	2,019.8	2,010.5	2,007.8	1,927.6	9.3	92.2	2,008	2,001	1,998	7
Instruments and related products	454.1	455.3	455.4	453.2	−1.2	.9	457	457	456	0
Miscellaneous manufacturing	426.9	422.6	415.5	424.2	4.3	2.7	436	438	435	−2
Nondurable goods	7,995.0	8,003.0	7,982.0	7,883.0	−8.0	112.0	8,122	8,106	8,100	16
Production workers	5,903.0	5,919.0	5,904.0	5,833.0	−16.0	70.0	6,018	6,010	6,008	8

Food and kindred products	1,700.2	1,693.7	1,688.6	1,713.8	6.5	−13.6	1,786	1,783	1,778	3
Tobacco manufactures	74.3	79.7	83.0	75.3	−5.4	−1.0	84	88	86	−4
Textile mill products	969.6	967.9	966.5	944.1	1.7	25.5	971	972	976	−1
Apparel and other textile products	1,390.7	1,404.2	1,399.7	1,376.2	−13.5	14.5	1,405	1,391	1,393	14
Paper and allied products	686.3	685.4	685.3	675.6	.9	10.7	691	692	692	−1
Printing and publishing	1,079.1	1,074.0	1,068.3	1,060.8	5.1	18.3	1,081	1,078	1,071	3
Chemicals and allied products	1,010.9	1,009.0	1,003.0	988.6	1.9	22.3	1,006	1,010	1,011	−4
Petroleum and coal products	190.1	190.3	189.5	185.9	−.2	4.2	192	193	194	−1
Rubber and plastics products, n.e.c	543.9	541.9	541.1	517.0	2.0	26.9	547	544	543	3
Leather and leather products	350.3	356.4	357.3	346.1	−6.1	4.2	359	355	356	4
Transportation and public utilities	4,275.0	4,260.0	4,245.0	4,174.0	15.0	101.0	4,314	4,316	4,318	−2
Wholesale and retail trade	14,002.0	13,778.0	13,714.0	13,412.0	224.0	590.0	14,080	14,112	14,049	−32
Wholesale trade	3,601.0	3,594.0	3,596.0	3,499.0	7.0	102.0	3,648	3,645	3,640	3
Retail trade	10,401.0	10,184.0	10,118.0	9,913.0	217.0	488.0	10,432	10,467	10,409	−35
Finance, insurance, and real estate	3,330.0	3,307.0	3,288.0	3,181.0	23.0	149.0	3,343	3,330	3,321	13
Services	10,452.0	10,313.0	10,240.0	9,693.0	139.0	489.0	10,462	10,449	10,407	13
Hotels and other lodging places	691.3	667.8	657.7	671.9	23.5	19.4	721	721	713	0
Personal services	1,025.2	1,019.8	1,019.0	1,020.7	5.4	4.5	1,027	1,031	1,033	−4
Medical and other health services	2,597.9	2,585.8	2,569.2	2,383.5	12.1	214.4	2,603	2,591	2,577	12
Educational services	1,161.2	1,162.7	1,154.4	1,066.1	−1.5	95.1	1,126	1,120	1,112	6
Government	12,208.0	12,176.0	12,136.0	11,584.0	32.0	624.0	12,091	12,052	12,028	39
Federal	2,713.0	2,699.0	2,697.0	2,683.0	14.0	30.0	2,718	2,715	2,719	3
State and local	9,495.0	9,477.0	9,439.0	8,901.0	18.0	594.0	9,373	9,337	9,309	36

Note: Data for the 2 most recent months are preliminary.

TABLE B-2.—AVERAGE WEEKLY HOURS OF PRODUCTION OR NONSUPERVISORY WORKERS[1] ON PRIVATE NONAGRICULTURAL PAYROLLS, BY INDUSTRY

Industry	April 1968	March 1968	February 1968	April 1967	Change from—		Seasonally adjusted			
					March 1968	April 1967	April 1968	March 1968	February 1968	Change from March 1968
Total private	37.5	37.7	37.7	37.8	−0.2	−0.3	37.7	37.9	38.0	−0.2
Mining	42.1	41.7	41.6	42.3	.4	−.2	42.5	42.3	42.3	.2
Contract construction	37.3	36.1	36.2	36.9	1.2	.4	37.8	36.7	37.9	1.1
Manufacturing	40.1	40.6	40.5	40.2	−.5	−.1	40.4	40.7	40.7	−.3
Overtime hours	2.9	3.3	3.3	3.1	−.4	−.2	3.0	3.4	3.5	−.4
Durable goods	40.8	41.3	41.2	40.8	−.5	0	41.0	41.4	41.4	−.4
Overtime hours	3.2	3.5	3.4	3.2	−.3	0	3.3	3.6	3.7	−.3
Ordnance and accessories	41.1	41.6	42.1	41.4	−.5	−.3	41.3	41.9	42.3	−.6
Lumber and wood products	40.7	40.2	40.6	40.5	.5	.2	40.8	40.6	41.3	.2
Furniture and fixtures	39.9	40.5	40.5	39.5	−.6	.4	40.7	40.9	41.0	−.2
Stone, clay, and glass products	41.5	41.1	41.1	41.3	.4	.2	41.5	41.7	42.1	−.2
Primary metal industries	41.8	41.9	41.7	40.6	−.1	1.2	41.4	41.8	41.7	−.4
Fabricated metal products	40.8	41.3	41.0	41.2	−.5	−.4	41.1	41.6	41.3	−.5
Machinery, except electrical	41.8	42.3	42.3	42.8	−.5	−1.0	41.8	42.1	42.3	−.3
Electrical equipment	39.6	40.1	40.3	39.4	−.5	.2	39.8	40.2	40.3	−.4
Transportation equipment	40.9	41.9	41.4	40.5	−1.0	.4	41.3	42.2	41.8	−.9
Instruments and related products	40.3	40.6	40.7	41.2	−.3	−.9	40.6	40.7	40.7	−.1
Miscellaneous manufacturing	39.2	39.5	39.7	39.3	−.3	−.1	39.6	39.3	39.7	.3
Nondurable goods	39.0	39.7	39.7	39.3	−.7	−.3	39.5	39.8	40.0	−.3
Overtime hours	2.6	3.1	3.1	2.9	−.5	−.3	2.7	3.3	3.3	−.6
Food and kindred products	39.7	40.1	40.1	40.1	−.4	−.4	40.4	40.7	40.8	−.3
Tobacco manufactures	35.8	37.1	37.9	38.7	−1.3	−2.9	36.4	37.9	40.2	−1.5
Textile mill products	40.5	41.5	41.5	40.2	−1.0	.3	41.1	41.5	41.6	−.4
Apparel and other textile products	35.4	36.5	36.5	35.9	−1.1	−.5	35.7	36.1	36.4	−.4
Paper and allied products	41.7	42.4	42.4	42.2	−.7	−.5	42.0	42.6	42.8	−.6
Printing and publishing	37.6	38.1	38.0	38.4	−.5	−.8	37.8	38.0	38.3	−.2
Chemicals and allied products	41.8	41.6	41.7	41.8	.2	0	41.5	41.6	41.9	−.1
Petroleum and coal products	42.2	41.4	41.5	42.9	.8	−.7	41.9	42.0	42.3	−.1
Rubber and plastics products, not elsewhere classified	40.2	41.4	41.2	40.7	−1.2	−.5	40.6	41.6	41.6	−1.0
Leather and leather products	37.2	38.5	39.0	36.5	−1.3	.7	38.4	38.6	38.6	−.2
Wholesale and retail trade	35.4	35.7	35.8	36.2	−.3	−.8	35.6	36.0	36.1	−.4
Wholesale trade	39.8	39.9	39.9	40.3	−.1	−.5	39.9	40.0	40.1	−.1
Retail trade	34.0	34.3	34.5	34.9	−.3	−.9	34.2	34.6	34.9	−.4
Finance insurance, and real estate	36.8	36.8	36.9	37.0	0	−.2	36.8	36.7	36.8	.1

---

[1] Data relate to production workers in mining and manufacturing; to construction workers in contract construction; and to nonsupervisory workers in wholesale and retail trade; finance, insurance, and real estate; transportation and public utilities; and services. These groups account for approximately ⅘ of the total employment on private nonagricultural payrolls. Transportation and public utilities, and services are included in "Total private" but are not shown separately in this table.

Note: Data for the 2 most recent months are preliminary.

TABLE B 3.—AVERAGE HOURLY AND WEEKLY EARNINGS OF PRODUCTION OR NONSUPERVISORY WORKERS[1] ON PRIVATE NONAGRICULTURAL PAYROLLS, BY INDUSTRY

Industry	Average hourly earnings						Average weekly earnings					
	April 1968	March 1968	February 1968	April 1967	Change from— March 1968	Change from— April 1967	April 1968	March 1968	February 1968	April 1967	Change from— March 1968	Change from— April 1967
Total private	$2.79	$2.77	$2.76	$2.63	$0.02	$0.16	$104.63	$104.43	$104.05	$99.41	$0.20	$5.22
Mining	3.30	3.30	3.30	3.18	0	.12	138.93	137.61	137.28	134.51	1.32	4.42
Contract construction	4.26	4.26	4.26	3.99	0	.27	158.90	153.79	154.21	147.23	5.11	11.67
Manufacturing	2.96	2.96	2.94	2.80	0	.16	118.70	120.18	119.07	112.56	−1.48	6.14
Durable goods	3.14	3.14	3.13	2.97	0	.17	128.11	129.68	128.96	121.18	−1.57	6.93
Ordnance and accessories	3.30	3.30	3.32	3.20	0	.10	135.63	137.28	139.77	132.48	−1.65	3.15
Lumber and wood products	2.53	2.50	2.49	2.34	.03	.19	102.97	100.50	101.09	94.77	2.47	8.20
Furniture and fixtures	2.43	2.43	2.42	2.29	0	.14	96.96	98.42	98.01	90.46	−1.46	6.50
Stone, clay, and glass products	2.94	2.91	2.91	2.79	.03	.15	122.01	119.60	119.60	115.23	2.41	6.78
Primary metal industries	3.52	3.49	3.47	3.29	.03	.23	147.14	146.23	144.70	133.57	.91	13.57
Fabricated metal products	3.09	3.10	3.07	2.95	−.01	.14	126.07	128.03	125.87	121.54	−1.96	4.53
Machinery, except electrical	3.31	3.32	3.30	3.15	−.01	.16	138.36	140.44	139.59	134.82	−2.08	3.54
Electrical equipment	2.88	2.88	2.88	2.75	0	.13	114.05	115.49	116.06	108.35	−1.44	5.70
Transportation equipment	3.60	3.61	3.59	3.39	−.01	.21	147.24	151.26	148.63	137.30	−4.02	9.94
Instruments and related products	2.94	2.93	2.92	2.81	.01	.13	118.48	118.96	118.84	115.77	−.48	2.71
Miscellaneous manufacturing	2.48	2.49	2.48	2.33	−.01	.15	97.22	98.36	98.46	91.57	−1.14	5.65
Nondurable goods	2.70	2.69	2.68	2.55	.01	.15	105.30	106.79	106.40	100.22	−1.49	5.08
Food and kindred products	2.78	2.76	2.75	2.64	.02	.14	110.37	110.68	110.28	105.86	−.31	4.51
Tobacco manufactures	2.52	2.46	2.46	2.36	.06	.16	90.22	91.27	93.23	91.33	−1.05	−1.11
Textile mill products	2.16	2.17	2.16	2.02	−.01	.14	87.48	90.06	89.64	81.20	−2.58	6.28
Apparel and other textile products	2.18	2.19	2.18	2.01	−.01	.17	77.17	79.94	79.57	72.16	−2.77	5.01
Paper and allied products	2.97	2.97	2.96	2.82	0	.15	123.85	125.93	125.50	119.00	−2.08	4.85
Printing and publishing	3.42	3.42	3.40	3.23	0	.19	128.59	130.30	129.20	124.03	−1.71	4.56
Chemicals and allied products	3.21	3.19	3.19	3.05	.02	.16	134.18	132.70	133.02	127.49	1.48	6.69
Petroleum and coal products	3.72	3.70	3.70	3.57	.02	.15	156.98	153.18	153.55	153.15	3.80	3.83
Rubber and plastics products, n.e.c	2.85	2.86	2.85	2.71	−.01	.14	114.57	118.40	117.42	110.30	−3.83	4.27
Leather and leather products	2.23	2.22	2.20	2.06	.01	.17	82.96	85.47	85.80	75.19	−2.51	7.77
Wholesale and retail trade	2.37	2.37	2.36	2.23	0	.14	83.90	84.61	84.49	80.73	−.71	3.17
Wholesale trade	3.02	3.02	3.01	2.86	0	.16	120.20	120.50	120.10	115.26	−.30	4.94
Retail trade	2.13	2.12	2.11	2.00	.01	.13	72.42	72.72	72.80	69.80	−.30	2.62
Finance, insurance, and real estate	2.75	2.73	2.72	2.59	.02	.16	101.20	100.46	100.37	95.83	.74	5.37

Note: Data for the 2 most recent months are preliminary.

---

[1] See footnote 1, table B 2.

TABLE C-1.—EMPLOYMENT STATUS OF THE CIVILIAN NONINSTITUTIONAL POPULATION 16 YEARS AND OVER BY URBAN POVERTY AND OTHER URBAN NEIGHBORHOODS[1] AND COLOR

[In thousands]

Employment status	Total		White		Nonwhite	
	1st quarter 1968	1st quarter 1967	1st quarter 1968	1st quarter 1967	1st quarter 1968	1st quarter 1967
Total, United States:						
Civilian noninstitutional population	131, 267	129, 043	117, 274	115, 402	13, 993	13, 642
Civilian labor force	77, 065	75, 508	68, 556	67, 158	8, 509	8, 350
Unemployment	3, 097	3, 099	2, 463	2, 448	634	651
Unemployment rate	4. 0	4. 1	3. 6	3. 6	7. 5	7. 8
Urban poverty neighborhoods:						
Civilian noninstitutional population	11, 589	11, 446	7, 040	6, 879	4, 549	4, 567
Civilian labor force	6, 575	6, 452	3, 853	3, 712	2, 722	2, 739
Unemployment	457	469	220	210	237	259
Unemployment rate	7. 0	7. 3	5. 7	5. 7	8. 7	9. 4
Other urban neighborhoods:						
Civilian noninstitutional population	61, 783	60, 722	57, 488	56, 775	4, 296	3, 947
Civilian labor force	36, 877	36, 354	33, 991	33, 702	2, 886	2, 652
Unemployment	1, 253	1, 341	1, 064	1, 174	189	167
Unemployment rate	3. 4	3. 7	3. 1	3. 5	6. 5	6. 3

---

[1] Pertains only to standard metropolitan statistical areas (SMSA's) with populations of 250,000 or more.

Note: Caution should be used in analyzing estimates for the 1st quarter of 1967, the initial period for which data are available for this new series. These estimates may overstate the level and rate of unemployment because the procedures utilized in the CPS require several months of continuous data before the necessary statistical techniques exert their full effect.

TABLE C-2.—EMPLOYMENT STATUS OF THE CIVILIAN NONINSTITUTIONAL POPULATION 16 YEARS AND OVER FOR URBAN POVERTY AND OTHER URBAN NEIGHBORHOODS,[1] BY AGE, SEX, AND COLOR

[In thousands]

Employment status, age, and sex	Total		White		Nonwhite	
	1st quarter 1968	1st quarter 1967	1st quarter 1968	1st quarter 1967	1st quarter 1968	1st quarter 1967
MALES, 20 YEARS AND OVER						
Urban poverty neighborhoods:						
Civilian noninstitutional population	4, 744	4, 718	2, 978	2, 926	1, 757	1, 792
Civilian labor force	3, 668	3, 652	2, 271	2, 207	1, 396	1, 445
Unemployment	201	206	114	97	88	109
Unemployment rate	5. 5	5. 6	5. 0	4. 4	6. 3	7. 5
Other urban neighborhoods:						
Civilian noninstitutional population	25, 979	25, 400	24, 223	23, 779	1, 755	1, 621
Civilian labor force	22, 036	21, 694	20, 431	20, 242	1, 555	1, 452
Unemployment	511	527	445	473	66	54
Unemployment rate	2. 3	2. 4	2. 2	2. 3	4. 2	3. 7
FEMALES, 20 YEARS AND OVER						
Urban poverty neighborhoods:						
Civilian noninstitutional population	5, 609	5, 547	3, 392	3, 307	2, 217	2, 240
Civilian labor force	2, 366	2, 309	1, 270	1, 232	1, 096	1, 077
Unemployment	148	153	61	70	87	82
Unemployment rate	6. 2	6. 6	4. 8	5. 7	7. 9	7. 6
Other urban neighborhoods:						
Civilian noninstitutional population	29, 756	29, 177	27, 697	27, 315	2, 058	1, 862
Civilian labor force	12, 272	11, 923	11, 122	10, 892	1, 150	1, 031
Unemployment	448	476	373	409	75	68
Unemployment rate	3. 7	4. 0	3. 4	3. 8	6. 5	6. 6
TEENAGERS, 16 TO 19 YEARS						
Urban poverty neighborhoods:						
Civilian noninstitutional population	1, 235	1, 180	670	645	555	535
Civilian labor force	542	491	312	273	230	218
Unemployment	108	111	45	43	63	68
Unemployment rate	19. 9	22. 6	14. 4	15. 7	27. 3	31. 2
Other urban neighborhoods:						
Civilian noninstitutional population	6, 018	6, 144	5, 537	5, 680	482	464
Civilian labor force	2, 559	2, 736	2, 389	2, 557	180	169
Unemployment	294	337	247	293	47	44
Unemployment rate	11. 4	12. 3	10. 3	11. 4	26. 1	26. 3

---

[1] Pertains only to SMSA's with populations of 250,000 or more.

Secretary **Wirtz**. They do have a direct bearing on this matter. The only other thing I would like to include here by specific reference, Mr. Chairman, is in reply to your own statement. My statement starts out with the most heartfelt expression of appreciation for this record now of 6 years of elaborate cooperation between the Department and this committee. If you don't mind, Mr. Chairman, and find it not presumptuous, I would like to say very briefly that I think there are millions of people in this country who are your eternal debtors for what you have done on manpower policy. Most of these people are poor, and I would like to express my own appreciation.

Now, Mr. Chairman, I welcome the opportunity to go directly into the discussion.

Senator **Clark**. I very much appreciate your kind words, Mr. Secretary. Although it does sound a little bit like back scratching—I don't mean it that way. I hope you will not take it that way.

I think your services to your country in the job you have held for the last 7 or 8 years are going to be a part of American history of which we can all be proud. While you and I are going to disagree about some matters in a few minutes——

Secretary **Wirtz**. That is why we are both being so nice.

Senator **Clark**. That is why we are both being so nice. I would think too that we would get out of the way quickly the bill which extends the expiring provisions of MDTA. I think we are all in accord that MDTA should be extended.

As far as I know it is not controversial and couldn't we just agree to agree that the record should show our joint agreement that as soon as may be possible the expiring provisions of MDTA should be reenacted. Do you want to add anything to that?

Secretary **Wirtz**. Only the time factor, Mr. Chairman. I agree completely with what you said, but you should add that we in the administration are walking a path which is right along the precipice at this point in terms of time.

Senator **Clark**. We have to get this thing signed by the 30th of June at the latest, isn't that so?

Secretary **Wirtz**. That is the absolute deadline. Short of that there is a period of heightened uncertainty which is bound to affect our working out these programs with our sponsors.

Senator **Clark**. Will you excuse me just a moment?

Secretary **Wirtz**. Surely.

Senator **Clark**. I regret because of other important commitments the minority members couldn't be here this morning. Maybe they will be in later. I understand both Senator Prouty and Senator Javits have amendments for a simple extension of the act which they will want to press. I will undertake to get them together with the rest of the committee as soon as we can to try to get the matter out of the subcommittee and up before the full committee at the earliest possible moment.

Now, Mr. Secretary, would you turn, if you will, to your statement where you make interesting comments on your point of view toward S. 3063 and S. 3249. In order to set the stage for the colloquy it would be better if you were willing to read the part of your statement which begins with—

If the question——

Secretary WIRTZ. Surely.

Senator CLARK (continuing).

Is whether the goals set in these bills——

Secretary WIRTZ. The reference of course is to S. 3063 and S. 3249. These statements are made with the clearest possible identification in my own mind of my own constructive contribution to this whole matter. I have tried to indicate or summarize my position in terms of the several different ways in which the question could be presented:

> If the question is whether the goals set in these bills—in terms of total employment results—are legitimate goals, my answer is an unqualified yes.
>
> If the question is whether these goals can be reached—on approximately the schedule indicated in these bills—my answer is hopefully yes.

Senator CLARK. Will you stop there and let me ask you whether the Department of Labor is geared up so it could administer these programs if they were passed this year?

Secretary WIRTZ. Right now we are not in a position to do so.

Senator CLARK. What else do you need that you haven't got?

Secretary WIRTZ. Well, Mr. Chairman, I read in the paper this morning that the Congress is acting now to cut recommended appropriations with an expenditures cut of $6 billion. I read in the papers, and don't know beyond that, that the conferees are considering permitting us to replace only three out of every four vacancies. So my answer to your question is that heaven only knows what the situation is.

Senator CLARK. That is not what I asked you and let me try to rephrase it.

Secretary WIRTZ. I wonder if it isn't.

Senator CLARK. What I intended to ask you is whether if the Congress were to pass these bills and fund them.

Secretary WIRTZ. Both of them?

Senator CLARK. Both of them, well, or some compromise between the two. I don't imagine that we could have them both. Let's just take the Emergency Employment Act first, which is my bill.

If the Congress were to pass that bill and if the appropriations committee were to fund it adequately before we adjourned this year would the Department of Labor be able to administer it?

Secretary WIRTZ. With the present staff of course we would not because it is an expanded program. I suppose that that question comes down to the time it would take to get additional staffing at the Federal level and, more particularly, at the local level.

Senator CLARK. What concerns me is the problem you and I have discussed many times before. Is there enough skilled administrative manpower available so that if you had the money to pay them you could get them to administer these programs?

Secretary WIRTZ. Skilled manpower is not immediately available.

Senator CLARK. Nevertheless, you would not oppose these bills solely on the ground that you couldn't administer them, would you?

Secretary WIRTZ. No, I would not.

There is a third way in which this question might arise:

> If the question is whether support of these particular bills represents the most effective means of reaching these goals most rapidly—taking account of all the realities—I respectfully suggest that the answer is, in my judgment, that it does not. It is an essential part of this conclusion that the evidence is clear that neither the country nor the Congress will presently support these bills.

It is a considered, pragmatic judgment that whatever small effect my own testimony can have should be directed not toward accepting what might otherwise be possible but toward best increasing what can be done.

If the question were pressed in the form in which it is put in your letter, Mr. Chairman—"Assuming sufficient funds were available to finance the Clark Emergency Employment and Training Act of 1968 so that its stated goals could be met, would you support this legislation?"—I would have to answer that the question is presently so hypothetical that it precludes constructive answer.

Senator CLARK. Now, Mr. Secretary, this is where we have a real confrontation and a clash of opinion, which is not a bad way to seek ultimate truths.

Secretary WIRTZ. That is right.

Senator CLARK. And I would have to disagree with you rather drastically on the approach which you take and let me state as briefly as I can the basis of my disagreement and then ask you to respond.

I believe that you are wrong when you say that "The evidence is clear that neither the country nor the Congress will presently support these bills."

I think the country is prepared to support these bills right now if it has adequate leadership from the executive department, including the President of the United States and the Secretary of Labor, and if we on this committee and our countreparts in the House give it the kind of leadership which I think it is our obligation to give it. I base my pragmatic judgment and put it up against yours—this is not an easy thing for me to do because I have such a high regard for you—on the fact that the following organizations comprising some of the best brains in the United States of America have endorsed, some in principle and some in detail, these two bills on which we are now having hearings: The National Advisory Commission on Civil Disorders in its report in March, the National Advisory Commission on Rural Poverty in its report entitled: "The People Left Behind," September 11, 1967, the National Urban Coalition in their reports made on September 15, 1967, and March 14, 1968, the National Commission on Technology, Automation and Economic Progress, which reported a year or so ago, the White House Conference "To Fulfill These Rights," the National Advisory Commission on Food and Fiber, "Toward Full Employment" the report of this subcommittee in 1964, the Lewis Harris poll on Federal programs to prevent riots in August 1967.

May I say that I am not one who takes at face value all of these national polls but I think they do tend to reinforce the courage of every politician. Therefore, I suggest to you that when you make the statement "The evidence is clear that neither the country nor the Congress will presently support these bills" you are undertaking a very heavy burden of proof where I think the weight of the evidence is on the other side.

Would you comment?

Secretary WIRTZ. Yes, and in the same good nature but nevertheless direct terms in which you have stated that I am wrong. Your enumeration included a group of interesting bodies but it was noticeably silent on the Congress of the United States.

Senator CLARK. Oh, I thought not. I thought not. I tried to cover that by saying in my opinion the Congress of the United States in general and particularly the Senate would respond to the leadership which I hope this committee can give it if we get some support from the President of the United States and the Secretary of Labor, which we are not presently getting.

My political judgment is the Congress would pass these bills.

Now, there are some qualifications and we will disclose them in the course of the testimony.

Secretary WIRTZ. Mr. Chairman, I think it is time Congress changes its relationship with the executive. Part of it takes the high road and part takes the low road, with the result that the executive appears to be in a strange position.

I answer your question on the morning after a reported conference decision to reduce by $6 billion the expenditures provided for in the President's recommended budget. I know only what I have read and what has been reported.

It is on the morning after the suggestion that only three out of four vacancies be filled. It is on the morning after the clearest indication I have seen of very real evidence that the Congress at this point is not willing to pay the bill for the generation of the national will to which the National Advisory Commission on Civil Disorders refers.

Senator CLARK. My reason for disagreeing with you, Mr. Secretary, is because I think you know from your long experience, as I do, that Congress does not speak as a unit. Congress is a conglomeration of 435 Members of the House and 100 Members of the Senate who sometimes respond to leadership and sometimes do not.

In the present instance what I know is the same as you know, what I read in the newspapers.

It looks as though at long last and almost entirely because of the leadership of the President of the United States that we are going to pass the $10 billion across-the-board surtax and that we are going to make some cuts in expenditures. I am going to reluctantly support that surtax and I am going to reluctantly support the cuts, but you know and I know—and if you don't know you tell me that I am being unfair in suggesting that you do know—that you can cut $5, $10, $15, $20 billion out of the military budget tomorrow and never notice it at all.

Secretary WIRTZ. You are very right. I don't mean that is right, but you are very right.

Senator CLARK. You mean in the broadcast statement I am very right.

Secretary WIRTZ. I just want to say this: It is clear that there remains the very important question of whether whatever cutting is done is done across the board or on the basis of priorities.

Senator CLARK. Do you want to comment a little bit about your views on priorities. I don't want to put you on the spot.

Secretary WIRTZ. I would be glad to go on to priorities, but you made a very interesting statement, Mr. Chairman, about the lack of leadership of the President of the United States and the Secretary of Labor.

With your characteristic fairmindedness, which is not always so appealing to the press, you included the coordinate role some Members of the Congress play.

Here are the facts. The President of the United States has before the Congress at this point a proposed budget which increases the appropriation for manpower this year from $1.6 billion to $2.1 billion.

I hope because I am still a sentimentalist, that the appropriation will be supported, but you and I would share realistic doubts about whether it will be.

My point is, that right now the record is that last year's manpower appropriation recommendation from the President was cut by the Congress. This year's manpower appropriation is up half a billion dollars. I submit and I believe with candor, and certainly with sincerity, that until Congress responds favorably to the increase in the present manpower budget, there remains some basis for doubt as to the legitimacy of a suggestion that the larger funding of these programs is presently a matter of executive responsibility.

Senator **Clark**. This of course is one of those vague areas where men of good will can disagree. I can only state my own strong conviction that if the President had gotten strongly behind the reports of the National Urban Coalition and the report of his own Advisory Commission on Civil Disorders and come down to Congress at the same time with strong executive support we would be a lot further ahead than we are now.

I would expect you to disagree.

Secretary **Wirtz**. I do, particularly in terms of the implication that I am in the Cabinet and, therefore, not a free man.

Senator **Clark**. No, I would never say that about you, Mr. Secretary.

Secretary **Wirtz**. It was clearly implied. The National Advisory Commission on Civil Disorders was at the top of your list of supporters. I don't address the question to you personally but rather to all those who have commented on it, but I wonder if the references are based on a reading of the full report.

I am proud of few things in the reading line in the last few years, but one of them is that I have read the report of that Commission to its conclusion. I endorse it fully. So far as I know, and so far as I have any reason to believe, that view is shared throughout the administration. The trouble, Mr. Chairman, is that the colloquy has been in terms of the specific proposals of the Commission and has proceeded without regard to the fact that that Commission established the clearest possible priorities. First, it said there must be the generation of a national will. Second, it said there must be the generation of a national willingness to pay for those things. Third, it said that there are these proposals which should be considered if those first two steps are taken.

The report is unfortunately identified as a "riot report."

Senator **Clark**. That is too bad.

Secretary **Wirtz**. That is a shame because the report goes so much beyond that. There is a little paragraph on page 412 that ought to be kept clearly in mind when we come to talking about the specific proposals. It suggests that these proposals do not represent specific recommendations but rather the suggestions of various members of the committee on the kinds of programs which ought to be considered once the national will is established.

Senator **Clark**. Let me make a comment on that if I may.

Secretary **Wirtz**. Surely.

Senator **Clark**. Unlike you, I have only scanned the paperback report but I have read the summary.

Secretary **Wirtz**. Not like me. I read the report.

Senator CLARK. I have read and studied the summary. Would you not agree that the summary is a fair synopsis of the report? If it isn't there weren't very many good lawyers on the Commission.

Secretary WIRTZ. I hesitate to answer that question for this reason: The summary is built around a paragraph which will go down in history along with Disraeli's Two Nations and C. P. Snow's Two Cultures.

We are now advised that we are a Nation moving toward two societies, one black and one white.

Senator CLARK. And I agree.

Secretary WIRTZ. And you agree. You and I would also agree that there is an interesting element in that sentence. It does not say whether we are moving faster than we were before or whether we are still moving in that direction. I think I would qualify my answer to your question as to whether the summary is a completely accurate description or a fair summation of the whole report. Its practical effect has been news reporting in this country which has not gone into the heart and the guts of the Commission report.

Therefore, I have some difficulty in answering the question about the summary.

Senator CLARK. I would make this observation which I have made many times before, and it has become almost a cliche: that is, the function of a politician and also the function of the administrator of a great department in Federal Government is to lead and hope that the leadership which is given will result in one's constituents, whether they be those who vote for me or whether, as your constituency is, the whole country, that the whole country will follow. The great danger is that you will get so far in front of those you are trying to lead that you get shot in the rear.

Sometimes one could phrase it a little bit more ineloquently. Therefore, the problem between you and me is entirely one of pragmatic judgment. I am putting my judgment on the line with the voters of Pennsylvania this fall, which is some indication of how strongly I believe that my leadership will result in voters supporting the position which I take on this legislation.

Secretary WIRTZ. OK.

Senator CLARK. Now, if I may, let me ask you to turn to matters which are really in some minutiae instead of up in that stratosphere where we have been dealing.

In your statement you refer to the concentrated employment program and state that the results of the CEP programs so far have fallen short, in most areas, of our expectations. You will recall that among the questions which we submitted to you in writing and which you responded to, those under the concentrated employment program are listed in six categories on page 71.

That has come back to me as a result of questions we asked and your replies and I would like you to expand a little bit, if you will, on your views as to the potential success of the concentrated employment program. Some of our witnesses have cast a rather jaundiced eye, suggesting, and I want to make it clear I don't necessarily share this view, it is more of a public relations gimmick than an actual program in which you show hard and successful results either now or in the foreseeable future.

Mr. Ruttenberg, I see, is shaking his head with some concern.

Secretary **Wirtz.** I think it is because the gimmick phrase was not a witness' so far as I know, Mr. Chairman, but yours, the day before yesterday and frankly it bothered us.

Senator **Clark.** Yes, I thought I was asking perhaps a leading question. The answer I got was that the witness concurred with the question.

Secretary **Wirtz.** Yes.

Senator **Clark.** Maybe you could address yourself to your answers to our questions and perhaps give us some verbal, rather than written summary and view about where the concentrated employment program is today and where you can realistically hope it is going to go.

Secretary **Wirtz.** All right. My statement will be very short and then I think you would probably like to turn to Mr. Ruttenberg who is intimately familiar with the details of it. On hindsight I count the concentrated employment program one of the most innovative and constructive programs that have been developed. Soon after it got underway in January and February of 1967, it became the prototype for some other programs which have subsequently become more important.

It introduced in specific form for specific experimentation and development the following ideas: (*a*) bringing all of the Government programs together in a single contract so that the sponsors don't have to deal with a half dozen different units; (*b*) concentrating our efforts in the areas of concentrated unemployment in this country; (*c*) recognizing that the remaining hard core unemployment in this country involves personal difficulties of a great many of the individuals involved; and (*d*) emphasizing the broad scale on-the-job training component so that the private employers join more fully in the Nation's manpower development and training effort. I have answered your question, first, in terms of the significance of the development of the idea itself and have answered frankly.

I answer equally frankly that the results have fallen short of our expectations in terms of how far we would get with that program in a certain period of time.

Senator **Clark.** That is where I was directing my question because you say that CEP "has been in operation in 20 cities and two rural areas for periods of 4 to 10 months" and the results under these programs so far have fallen short, in most areas, of your expectations.

Nonetheless, the budget recommendations contemplate extending the program to 35 additional cities and 35 additional rural areas. Perhaps Mr. Ruttenberg would want to elaborate on what you base your confidence that if the Congress does that in accordance with your recommendation, you will be able to do any better in the future than you have done so far.

Secretary **Wirtz.** I would like to turn it over in a moment, but I am reminded, Mr. Chairman, of that Peace Corps ad sometime ago which showed a glass with the water at the middle level. As I understand it, the Peace Corps would show that picture to an applicant and would ask for his interpretation. Some said the glass is half empty, and some said the glass is half full. The Peace Corps took on those who said it was half full.

I believe that is the case now with CEP. The question is whether we find the shortfall on our expectations a reflection of the glass being half empty or half full.

I don't think that adds much. I will turn to Mr. Ruttenberg.

Senator **Clark.** I think that is an absolutely first-class philosophical answer and now I would like to get Mr. Ruttenberg to put some flesh on the barebones.

Mr. **Ruttenberg.** I think, Senator Clark, if you looked at the response to the questions you would see a table.

Senator **Clark.** Hold it a minute until I get it before me. Yes, sir.

Mr. **Ruttenberg.** This table showed the trends by 2-week periods of enrollments, employment placements, and dropouts. If you look particularly at the two middle columns under the heading "Number Placed in Employment," you will see that in recent weeks, beginning about the early part of January and coming through February and March, the numbers that have been placed in employment from the overall programs, are going steadily up.

The number placed directly from the CEP program is also going steadily up, from 142 in January up through 719 in March. This I think begins to show that once you give the concept a chance to become operative——

Senator **Clark.** Excuse me a moment. I don't see the figure 719. Where is that?

Mr. **Ruttenberg.** In the middle of the page, the bottom line, the third from the last column on the right.

Senator **Clark.** I have it.

Mr. **Ruttenberg.** They are the number of people placed in employment directly from the CEP programs after they have gone through basic education or skill or occupational training.

Senator **Clark.** Let me point out that the figures in the left-hand column under those categories, "Number Placed in Employment" are cumulative.

Mr. **Ruttenberg.** Cumulative; yes, sir.

Senator **Clark.** So that as you look at the first right-hand column, "Increase from Previous—what does PER stand for?

Mr. **Ruttenberg.** The column that says "Increase From Previous Period" is really the increase occurring in the last 2-week period.

Senator **Clark.** I think I would agree with you that since February there has been a perceptible pickup although the report for December 15 was better than the report for February 23.

I think you are entitled to be cautiously optimistic that the trend is up.

Mr. **Ruttenberg.** I don't mean to be conveying the impression that every single one of these 22 CEP's that are reported here is a great success because that is not the case, and we are working carefully with each and every one of them to try to improve it. However, if one looks at the overall results under the heading "Number of Individuals Placed in Employment" and if you total MDTA (OJT), New Careers, and Regular Employment, you get somewhere in the neighborhood of 20,000 people who have been placed in employment. The momentum has built up in the last series of 2½ to 3 months.

Senator **Clark.** Let's sort of nitpick a bit because I would like some specific examples. I am naturally interested in Philadelphia and Pittsburgh, and let's take the Philadelphia figures first.

I note that there were 2,466 individuals screened for CEP in Philadelphia, of whom only 122 were placed in regular employment and 186 are in the category "New Careers." I don't know what that is.

Mr. Ruttenberg. "New Careers" is the part of the Economic Opportunity Act, more popularly referred to as the Scheuer amendment.

Senator Clark. I get it. Then I think one would have to add to that 167 for MDTA (OJT).

Mr. Ruttenberg. Yes; a combination of those three columns.

Senator Clark. So, of the total, roughly 2,500 people, interviewed and screened in Philadelphia you placed again roughly 500 or, roughly, 20 percent. Is that right?

Mr. Ruttenberg. That is right.

Senator Clark. Let's go down to Pittsburgh before you reply. There were 2,559 individuals screened and interviewed and of that number 22 were in OJT, and 201 in "New Careers," 250 in regular employment, so you have somewhat less than 500 placed in one category or another out of 2,559.

I don't want to be critical. I am asking for information. Do you think that the end result of a little bit less than 20 percent justifies the program in those two cities?

Mr. Ruttenberg. I think, Senator, one has to look at each individual city and I am sure you understand better than anybody else, the situation in Philadelphia. There have been problems with the CEP in Philadelphia.

Senator Clark. You are telling me?

Mr. Ruttenberg. It started in the very beginning when there was not an adequate community action agency in the city. Therefore the CEP bypassed the community action agency and established another private nonprofit corporation.

Senator Clark. That certainly should have resulted in more efficient administration, shouldn't it?

Mr. Ruttenberg. That should have, but problems resulted. That is why I said at the outset, Senator, I don't want to imply at all that every one of these is successful because there are problems that we are trying to work out. We have just recently had a team of people in Philadelphia reworking the CEP by modifying the program to try to improve what we find to be the fallacy.

Senator Clark. You would agree that the end result does reflect the very serious administrative problem that you had in Philadelphia and that therefore the end result is not as good as you would hope?

Mr. Ruttenberg. Senator, I want to make one further point which I think is terribly important. From the very beginning we started evaluating each of these CEP's from its very first day.

Senator Clark. Incidentally, when was the first day in Philadelphia and in Pittsburgh?

Mr. Ruttenberg. I don't know, offband. I don't know the exact date when each of the Philadelphia and Pittsburgh programs started. I could supply that very easily.

Senator Clark. Somewhere between 4 and 10 months ago.

Mr. Ruttenberg. Somewhere between 4 and 10 months; yes. They were all signed in late June in Philadelphia and Pittsburgh. They got started in September or October. Most of them got started around that point in time.

Senator CLARK. So probably 6 months or more.

Mr. RUTTENBERG. Six months of operation. We evaluated it from the beginning with only one thought in mind. That was to find out what the problems were. This was a new and imaginative technique and approach to the problem, as the Secretary said.

We knew there were going to be problems and difficulties. That is why we started evaluation from the first day, in order to discover the problems so we could get back in there and help each CEP improve. For we are convinced that the concept of coordination, of tying together, of having one delivery system, of having one set of moneys come in with one contract to one contractor who operates the program from a concentrated target population is a sound concept in terms of the multiplicity of programs and multiplicity of funds.

Secretary WIRTZ. The direct answer to your question is that we agree completely with the implications in your question that the Philadelphia program has had serious administrative difficulties.

Senator CLARK. How about Pittsburgh?

Secretary WIRTZ. Much less so.

Mr. RUTTENBERG. Much less in Pittsburgh.

Senator CLARK. Would you say the end results are about the same?

Secretary WIRTZ. Your enumeration did not include the training programs, the training results, and the people who have been routed into training programs.

Senator CLARK. I thought it did.

Secretary WIRTZ. I don't believe so. The figures you cited were only those placed in employment.

Senator CLARK. No; excuse me, Mr. Secretary. I did read into the record when I was asking Mr. Ruttenberg not only the ones that were placed in employment, but also the——

Mr. RUTTENBERG. But, Senator——

Senator CLARK. Oh, yes; you are quite right.

Mr. RUTTENBERG. There are people in institutional training programs, people in NYC, people in special impact, as well as people still in orientation.

Senator CLARK. Yes, you are quite correct.

Mr. RUTTENBERG. All of those columns are important but you are right in saying that only 500 so far in Philadelphia have ended up in full-time jobs. But there is still a large number going through various components of this concentrated employment program, which is designed to provide orientation, counseling, basic education, skill and occupational training, and work experience in the public sector before going into the private.

Senator CLARK. I would like to end up agreeing with you on this point. I am not sure I can. But, in any event, you would say that based on the tables to which you referred, and in particular you would perhaps say that Pittsburgh and Philadelphia are typical?

Mr. RUTTENBERG. I think one could point to better examples in Boston, Chicago, Cleveland.

Senator CLARK. Better because they have been more successful?

Mr. RUTTENBERG. Because they have had better administration, and better programing, and better developmental processes. They have accomplished their purpose faster.

Senator **Clark**. You don't really have enough time yet, do you, to determine whether once these individuals are placed they are going to stay placed?

Mr. **Ruttenberg**. In each of the CEP's there is continual followup for 6 months at least built into the central orientation center. Once people are placed in employment there is a coach arrangement under which the individual coach maintains a relationship with the individual participant to see whether or not he continues in employment.

Senator **Clark**. The figures we have been looking at did not include any experience, and I imagine they couldn't very well, as to how long these people have stayed in their jobs after you got them for them.

Do you have anything on that?

Mr. **Ruttenberg**. That is very difficult of course to do with a program which is probably only 6 months old. It has taken 2 or 3 months for enrollees to go through orientation, basic education, and they have been placed in jobs for only a limited period of time.

Senator **Clark**. The people who don't like these programs are always referring, and I think erroneously, to the results in the Job Corps where these corpsmen come back and get jobs and then there is a rather significant turnover. In my opinion the experiment is working because enough people who finish keep their jobs. Some people have no motivation, take the jobs for a month or two and then they are back on the streets rioting.

Secretary **Wirtz**. On that point, Mr. Chairman, as you properly noted in what you said about the statistical measurements, the results of these human development programs are still woefully inadequate.

I am not talking about evaluation as such. I am talking about the statistical measurements. Let me take your Pittsburgh case for just one illustration. It well may be, although I don't know the details well enough, that that figure which shows 635 people moving into basic education as part of that concentrated employment program in Pittsburgh is the most important figure of all.

If it reflects, as I suspect it does, a decision in Pittsburgh to face up to the hard fact that a lot of these people need basic education before they are routed directly into a job, that is a success figure.

Senator **Clark**. I agree.

Secretary **Wirtz**. And that is awfully hard to measure and translate into figures.

Senator **Clark**. It is your joint judgment that on the basis of your experience so far you are willing to go out on the limb that you can show results for 35 additional cities and 35 rural areas in the coming fiscal year?

Secretary **Wirtz**. Yes, sir: I think we should add one thing that is important. Those 35 CEP's in urban areas are complementary to the model cities program.

Senator **Clark**. Yes.

Secretary **Wirtz**. Part of my affirmative answer is that we have deliberately allocated that group of potential projects to fit in with the model cities program when it moves along.

Senator CLARK. Mr. Secretary, will you go back to your statement where you refer to the JOBS program initiated in January in the President's manpower message and you say "is the best reason yet to believe that the hard-core unemployment problem can be met successfully."

There has been some skepticism among witnesses before this subcommittee with respect to the JOBS program. I am trying very hard to get Mr. Beebe to come down and testify before the subcommittee.

Perhaps you will be able to give us the same kind of explanation about your success with the JOBS program which you have just given us with respect to the concentrated employment program.

Secretary WIRTZ. I would start by correcting a figure on page 8. At the time this testimony was drawn up the fact was there were commitments to hire over 66,000 hard-core unemployed.

There has been another round of reports on that. The figure is now 110,000.

Senator CLARK. Could you refer me to the place where you make that correction?

Secretary WIRTZ. Seven lines up from the bottom. I do not mention it as a correction of a single figure, but as a reflection of the rate at which commitments to hire are now moving.

Senator CLARK. Sixty-six should be changed to what?

Secretary WIRTZ. To 110.

Senator CLARK. That is very encouraging.

Secretary WIRTZ. So the commitment of the JOBS goal has been met since this piece of paper was put together. I want to be perfectly clear that those are commitments. They are not hires. The goal is 100,000 hires during the year. But I do mention that one specific in answer to your question.

It has to be, Mr. Chairman, at this point an evaluative, almost subjective answer. I am not sure that I can say as much as I would like to say without seeming to say too much.

I know only this much, that for the first time the job is being done right as far as private industry and employers are concerned. It is organized on a solid base. I think it is organized correctly as far as the Government's participation in it is concerned and in terms of the relationship between Government and labor.

I know the skepticism to which you refer and I know the history which confirms that skepticism and says that private industry has always fallen flat on its face when it came to backing up its pretensions of a social consciousness.

It is a little hard to do more than vote confidence at this point in that program, but we would be glad to give you quite an extraordinary number of statistics and specifics now. The companies who have said they are going to hire these hard-core unemployed are companies who will hire them.

Senator CLARK. Mr. Secretary, one more question on the JOBS program. In your answer to the committee's question you included the program of the 8th of February which defined the "disadvantaged."

I understand the definition was changed of the JOBS program and the word "minority" was dropped out. Can you give us an explanation of that?

Secretary **Wirtz**. Mr. Ruttenberg can give it to you in detail. I can tell you this: it does not change the picture.

Senator **Clark**. Why did you drop the word "minority"?

Mr. **Ruttenberg**. If you look carefully at the definition you will see that the item marked "selected employment problems" is defined to include minority groups. It doesn't basically make a bit of difference in terms of implementation.

Senator **Clark**. So it doesn't change the connotation involved.

Secretary **Wirtz**. And let's say clearly and not be misunderstood because the Poor People's Campaign statement to me does reflect a misunderstanding of it which should be cleared up. It was changed because of a sensitivity in the Congress to identifying minority groups as Negroes and so forth.

We recognize, if we don't respect, that sensitivity, and it presents no administrative problem for us to put the definition in this form. It makes no difference, and it does provide for the priority consideration of the disadvantaged minority group.

Senator **Clark**. On our questions——

Secretary **Wirtz**. Your questions?

Senator **Clark**. What evidence is there that employers would not have hired people employed under MDTA, OJT, MA-1, MA-2, and the test programs without Federal aid?

And what evidence is there that individuals hired by these programs didn't simply replace other unemployed persons who would have been hired without Federal aid?

Will the JOBS program create new jobs in private industry?

If so, how? If not, will the hard-core simply be given the jobs that would have gone to somebody else?

Can or will private industry create new jobs except through economic growth? Of course that is an awful fistful of questions but I thought if we took them all you could perhaps summarize your thinking about them.

Secretary **Wirtz**. Would you like my comment, or Mr. Ruttenberg's?

Senator **Clark**. It is up to you, Mr. Secretary.

Secretary **Wirtz**. I will again reply in general terms. The first question does at least permit some specific answers because there have been this series of MA-1, MA-2, and the test programs. I think I would have to say that they are all of such recent date that the evaluation which is built in, incidentally, to every one of those is not yet available. So I cant' supply an answer on specifics. But let me say that I think that this set of questions goes as directly to the heart of the whole program we are talking about as any questions could.

Frankly, we have discussed within the Department the specifics of the voluminous answers which we have supplied in response to the questions you submitted. I should say to you that the staff advice from the Department of Labor, which I respect greatly, tends to confirm the possible implication in your questions that new jobs are not created. My own view is that it is largely a matter of semantics.

If the question is whether the employer will think up something new to do as a result of this program, I think the answer is that he will to a very slight extent.

On the other hand, when we talk about creating a new job we ought to talk in the pragmatic terms of a job with a person to match. In that context I think the answer is that there is a very substantial job creation element.

You could point to lots of jobs in this country today which are currently unfilled and the question is whether——

Senator CLARK. About 2 million of them.

Secretary WIRTZ. That figure is used in one of your questions and I have no reason to take exception to it. It has at times been identified with the BLS approach to it. There are questions of definition, but I don't mean to refine the matter.

To make the point, I count the creation of a job when that job is matched with a person. Then I think you create a new job.

Senator CLARK. It doesn't displace somebody else.

Secretary WIRTZ. It think displacement is really a question of the nature of the present labor supply and ties in with the whole question of education and so forth. My answer would be that the people who move into employment through these hard-core unemployed programs do move in without the displacement of other people for this complicated, but shortly stated reason:

This economy is moving at a rate now where the person who is not disadvantaged can get a job and will get a job.

Senator CLARK. Do you want to say anything more about the JOBS program? What I am trying to do, Mr. Secretary, is to build a record upon which we can go to the floor supporting your request. I think your statement covers it pretty well.

Do you want to make it any more fully?

Secretary WIRTZ. I would hope, Mr. Chairman, that the testimony from Mr. Beebe to which you refer could be made part of this record. I am sure it will be persuasive testimony because our experience working with Mr. Beebe and with the group which he represents and of which he is a member is a very large part of the reason for my confidence in this program.

These are efficient people.

I answer with a real concern about seeming to protest too much. I answer from a background of considerable cynicism about previous efforts to turn some job or another over to private administration.

Senator CLARK. Is that where you start from?

Secretary WIRTZ. Yes. That is where I started from. I answer from an appreciation of what you meant when you said on Tuesday of this week that by and large Democrats believe in public employment and Republicans believe in private employment.

I answer from the background and a recognition of the legitimacy of that approach. But against that background I answer completely candidly that I think in fiscal year 1969 there are going to be 100,000 hard-core disadvantaged persons who would not otherwise have gotten jobs employed, and most of them retained, in private industry. By the end of fiscal year 1971 that figure will be 500,000. I would like not to dilute this very sincere answer by spelling it out in detail unless you want to press it.

Mr. Chairman, I simply point out that if I am wrong I have made the worst administrative mistake of my career because we are banking very heavily on the accuracy of this judgment.

Senator CLARK. Mr. Secretary, the portion of your statement beginning at the top of page 9 and running down to the end of it is to some extent at least a reiteration of the part we discussed at some length and disagreed upon on pages 3 and 4.

I don't think it would be profitable to get into that argument again. You will stand on your statement and I will stand on what I said earlier and so, unless you want to add something, I am going to turn you over to the tender mercies of Senator Javits.

Secretary WIRTZ. I don't mean to have the last word. I want you to have it, Mr. Chairman, but the thing that makes me sensitive is that as recently as April 19 you wrote us another letter with another question which, in a phrase which sticks in my mind, referred to the plethora of manpower programs. The attempt here was to relate very straightforwardly the present question with that same problem.

The number of different programs we have is a material consideration. I say this really to identify my present view with that which you have very properly taken, that we should avoid a plethora of programs.

Senator CLARK. I think you and I have agreed for several years, haven't we, that this whole business of poverty, manpower, education, and the like is a pretty frightening administrative mess at the local, State, and national levels with a wide variety of agencies, many of which are overlapping at each level.

Secretary WIRTZ. We would directly disagree.

Senator CLARK. Oh, really?

Secretary WIRTZ. Oh, yes.

Senator CLARK. I think it is a can of worms.

Secretary WIRTZ. Well, it depends on how you define a mess. I will tell you my definition of a mess does not include a program which in 5 years has increased the number of people being trained and specially employed in this country from 75,000 to 1 million.

My definition of a mess does not include a situation in which there have been the specific advances made that have been in this area. I think your definition of a mess involves another measure which I don't reject. It includes the measure of how far we are still short of our potential and of the goal.

Senator CLARK. Yes; that is true.

Secretary WIRTZ. I have no objection to that measurement, but when we identify the present situation with a mess, the picture is a little too much of what a puppy dog does on the floor and takes too little account of what that animal can become in the future.

Senator CLARK. I agree with that. I think you would also agree that we have a long way to go.

Secretary WIRTZ. That is right.

Senator CLARK. We haven't found the answer to administrative organization of these overlapping programs.

Secretary WIRTZ. But there we go again. When you say we haven't found the answer, that is true. We have not found the ultimate answer, but it is equally true that an extraordinary job has been done. We have moved at least from chaos to confusion and perhaps from confusion to a comparative orderliness as compared with not only where we were before but where we might have been if we had been lousy administrators. I don't think we have.

Senator CLARK. The last word, it has been done the worst way.

Secretary WIRTZ. Yes, it has. Democracy is the hard way.

Senator CLARK. Senator Javits.

Senator JAVITS. Mr. Secretary, I have just come from the forum about which you have been speaking, the Appropraitions Committee, and I am very thoroughly impressed with all the things which apparently motivated your testimony.

First, let me say on the affirmative side I certainly appreciate the kind words you have used about our bill and about Senator Clark's bill. If today isn't the time there will be a time so I am not unduly dismayed but is it a fact that the difference between the JOBS program of the Department, which I gather has 70,000 slots for fiscal year 1969, and our bill is something in the area of four or five times 70,000?

Secretary WIRTZ. I guess I have to clear up a difficulty in the figures. The so-called slots figure on the JOBS program alone is 500,000 hardcore unemployed over the 3-year period, 100,000 in the first year, 500,000 in the subsequent years.

Senator JAVITS. I gather that in the 100,000 figure for the first year——

Secretary WIRTZ. I am sorry. I am advised that the 100,000 is by the end of fiscal year 1969, that 30,000 of it is in the rest of this fiscal year, and 70,000 in the next fiscal year.

Senator JAVITS. Well we are together on the 70,000 figure.

Secretary WIRTZ. The 70,000 go fiscal 1968.

Senator JAVITS. Right. And our figures are 300,000 jobs in S. 3249 and Senator Clark's bill calls for 450,000; so there is that relative order of magnitude which represents the difference in view as to what can be done. Is that correct?

Secretary Wirtz. No; I don't believe so, but I need some clarification. I had assumed that the bills here were to be on top of the present program.

Now the present program is not limited to the JOBS program. The present program includes the figures for the concentrated employment program, the regular MDTA program. I believe, Senator Javits, it woud be fair, subject to one exception, to say that your figure is on top of our present figure of 1.3 million.

When I say 1.3 million I am including the in-school Neighborhood Youth Corps. You might not count that, but I believe that the comparison becomes fairer if you take our total program today as proposed by the President.

Senator Javits. I was only talking about the 1969 fiscal year.

Secretary Wirtz. So am I.

Senator Javits. Well, you are not talking about that when you say 1.3 million.

Secretary Wirtz. Yes; I am. I have indicated that my figure includes the in-school Neighborhood Youth Corps and you might want to set that aside.

Senator Javits. How much is that?

Secretary Wirtz. It would be at least 350,000 of the 1.3 million.

Senator Javits. And what is the figure on those in school?

Secretary Wirtz. I beg your pardon.

Senator Javits. You said something about those in school.

Secretary Wirtz. When I talk of 350,000 I am talking both of those in school and those in the summer program.

Senator Javits. That is 350,000.

Secretary Wirtz. Approximately.

Senator Javits. Then what is the difference between 1.3 billion and 70,000 we mentioned?

Secretary Wirtz. The 70,000 is the JOBS element in that whole program.

Senator Javits. I understand that, but now between 70,000 and the 1.3 million there are some 880,000. What are those?

Secretary Wirtz. Those are in the out-of-school Neighborhood Youth Corps program, the Manpower Development and Training Act institutional program, the Monpower Development and Training Act on-the-job training program, the new careers program, the special impact program, Operation Mainstream, and the Job Corps. I am not sure where I have left any out so will have a table inserted in the record.

(The table subsequently supplied follows:)

MANPOWER PROGRAMS BY ACTIVITY

[Dollar amounts in millions]

	Legislative authority	Administrative agency	Fiscal year 1967 [1]			Fiscal year 1968 [1]			Fiscal year 1969 [1]		
			NOA	Individuals served	Estimated percent of workload involving disadvantaged individuals	NOA	Individuals served	Estimated percent of workload involving disadvantaged individuals	NOA	Individuals served	Estimated percent of workload involving disadvantaged individuals
Structured training:											
On-the-job			$116	125,000		$182	169,600		$404	268,000	
MDTA-OJT	Public Law 87-415 (as amended)	D/L-MA	116	125,000	59	95	109,000	61	108	103,000	58
Comprehensive employment activities.	Public Law 88-452 (as amended)	D/L-BWTP				53	14,600	100	185	52,000	100
WIN-OJT	Public Law 90-248	D/L-BWTP				11	9,000	100	34	23,000	100
Vets-OJT	Public Law 90-77	VA				18	32,000		44	63,000	100
Work training in industry	Public Law 88-452 (as amended)	D/L-BWTP				5	5,000	100	33	27,000	100
Institutional			238	134,000		246	145,000		310	183,000	
MDTA-institutional	Public Law 87-415 (as amended)	D/L-MA	231	125,000	72	211	109,000	76	211	109,000	76
OIC	Public Law 88-452 (as amended)	OEO	7	9,000	100	6	13,000	100	6	15,000	
WIN institutional	Public Law 90-248	D/L-BWTP				29	23,000	100	93	59,000	100
Job Corps	Public Law 88-452 (as amended)	OEO	209	99,000	100	285	98,000	100	295	98,000	100
New careers	Public Law 88-452 (as amended)	D/L	36	14,000	100	28	10,000	100	36	12,000	100
Indian manpower activities	25 U.S.C. 13,309	Interior	17	11,000	100	21	13,000	100	25	14,000	100
MDTA short-term training and support.	Public Law 87-415 (as amended)	D/L-MA	43			80	57,000	38	83	63,000	44
Part time and other						32	57,000	38	35	63,000	44

Program services			43			48			48		
Subtotal			659	383,000		842	492,600		1,153	638,000	
General work experience:											
Youth school and summer work	Public Law 88-452 (as amended)	D/L-BWTP	207	461,000	100	[2] 191	[3] 397,000	100	209	[3] 441,000	100
Community work experience			302	232,000	100	184	122,000	100	212	167,000	100
Out-of-school	Public Law 88-452 (as amended)	D/L-BWTP	166	131,000	100	95	72,000	100	132	112,000	100
Operation mainstream	Public Law 88-452 (as amended)	D/L-BWTP	36	24,000	100	[4] 44	19,000	100	[4] 52	22,000	100
Work experience	Public Law 88-452 (as amended)	D/L-BWTP	100	77,000	100	45	31,000	100	20	13,000	100
WIN-work projects	Public Law 90-248	D/L-BWTP							8	20,000	100
Subtotal			509	693,000	100	375	519,000	100	422	608,000	100
General manpower services and program support:											
Federal/State Employment Service	29 U.S.C. 49-49N		278	[5] 10,604,000		299	[5] 10,900,000		331	[5] 10,900,000	
Community action manpower support.	Public Law 88-452 (as amended)	OEO	13	[5] 80,000	100	15	[5] 135,000	100	15	[5] 170,000	100
Support to concentrated employment program.	Public Law 88-452 (as amended)	D/L-BWTP				55	32,000	100	82	49,000	100
Special impact program	Public Law 88-452 (as amended))	D/L-BWTP and OEO.	25	15,000	100	20	11,000	100	30	15,000	100
Research, demonstration and general support (Labor Bepartment).			39			39			43		
(Bureau of Apprenticeship and Training).	Public Law 75-308 (as amended)	D/L-BAT	8	[5] 275,000		9	[5] 294,000		9	[5] 306,000	
(MDTA research and E/D)	Public Law 87-415 (as amended)	D/L-MA	25	[5] 55,000		24	[5] 60,000		26	[5] 50,000	
(General support—OMA, S. & E.)	Public Law 87-415 (as amended)	D/L-MA	6			6			8		
State and local manpower program planning (MDTA).	Public Law 87-415 (as amended)	D/L-MA							11		
Subtotal			355	15,000		428	43,000		512	64,000	
Total manpower programs by activity			1,523	1,091,000		1,645	1,054,600		2,087	1,310,000	

---

[1] As reflected in President's fiscal year 1969 budget (p. 142, as adjusted).

[2] Includes $10,000,000 transfer to HEW for vocational education work study program.

[3] In-school trainees in summer program are counted twice.

[4] Includes $10,000,000 for foster grandparents program.

[5] Because of differences in kinds of services provided, the term "individuals served" for these programs is not comparable with its use in direct manpower programs.

Note: Subtotals may not add due to rounding.

Senator JAVITS. You agree that what is called for in our bills at the minimum; that is, the 300,000 over and above what the job program will cover, is needed, don't you? You agree that it is needed?

Secretary WIRTZ. If you define need in terms of whether there are 300,000 hard-core unemployed who will not be reached by these other programs, and I believe that is what you meant, the answer is "Yes."

Senator JAVITS. As I see your testimony, you say:

> If the question is whether the goals set in these bills in terms of total employment results are legitimate goals, my answer is an unqualified "Yes."

Secretary WIRTZ. That is correct.

Senator JAVITS. I also note that you said or are reported to have said on Tuesday, April 23, that the summer jobs will fall a million to a million and a half short of the demand, even with emergency programs now planned.

Secretary WIRTZ. That is correct.

Senator JAVITS. So we are not out of the ballpark in terms of the number of jobs that we wish to add to the total now being——

Secretary WIRTZ. That is a different figure, Senator Javits. That million and a half is a very, very different figure from the hard-core unemployed figure. It consists of youngsters who are out of school looking for summer work. Probably we will serve the hard-core part of that group this summer. The million and a half total includes those who have more advantages as well as the hard core.

Senator JAVITS. I will get to the summer thing in a little while, but my question as to full-time jobs is: Is 300,000 jobs added to all those jobs to be created by your proposed programs needed? Is it needed, and I still don't know what you are answering me about that? Is it needed or is it not?

Secretary WIRTZ. Really, we are talking the same language, and I don't think either of us is going to fiddle with figures while the slums are burning. Probably the definition of terms is not too important, but I would like to say again that I think your question in the form in which it is put requires two answers.

If the question is in terms of the need of people who do not presently get, and who under the present program will not get, training or employment, the answer is "Yes."

My only qualification is to say that these programs are in the direction to fill the need.

Senator JAVITS. Well, that is an adequate answer to my question. Now, do I understand, therefore, that the reason that you say that you are not for our bills is because, considering what can be gotten in the way of legislation, in your judgment we can't get our legislation?

We may be able to get only your legislation, so, laying the need aside, you are giving us what you consider to be the practical answer from the point of view of what is obtainable.

Secretary WIRTZ. I would add only one thing to that. In the immediate future, in so far as there can be expansion of this program, the most realistic possibilities lie in development along present lines.

Senator JAVITS. But in your answer to the first part of my question, you didn't say yes or no to that.

Secretary WIRTZ. Then I have lost track of the first part of your question.

Senator JAVITS. The first part of my question was: Is your testimony based upon what you consider to be practical in the way of getting legislation?

Secretary WIRTZ. Yes, with this addition, that it also includes the clear assumption of the responsibility to try to establish that national will, which will let us get more.

Senator JAVITS. Now, you recognize, of course, that at one and the same time that we are making an expenditure reduction we are making a tax increase.

Secretary WIRTZ. Yes, sir; I do.

Senator JAVITS. So that that is some expression of a national will.

Secretary WIRTZ. Some.

Senator JAVITS. Now, it is a fact that this is an interim measure. In other words, I state that as a fact. I have just gone through it in the committee.

Secretary WIRTZ. The surtax.

Senator JAVITS. The surtax is interim and the expenditure cut is interim. If we are relieved of this situation, let us say by material cessation of the Vietnam war, then everything gets back into focus and everything that is standing in line may then be supplied.

The question I would like to ask is this, which is what I gather from your testimony. I want to be sure I understand you. That even if there were a new fiscal situation so that we could fund these programs, do I understand from you that you still prefer to expand further the JOBS program and other administration programs rather than to have us act on either of these bills?

Secretary WIRTZ. I have stated that I think that question is hypothetical today any my answer would not be constructive.

Senator JAVITS. Not yet. In other words, you don't want to answer that yet?

Secretary WIRTZ. I am not evading the question. I just think we are going to know a good deal more about it when the appropriate time comes.

Senator JAVITS. I don't want at all to seem to accuse you of being evasive. You then feel that, as it is so hypothetical, there is no use in going into the details?

Secretary WIRTZ. Beyond that, that it is a mistake to go into the details because it makes the country think that the answer lies in what is decided here about what programs we ought to go ahead with. Really, it ought to be put right to the country that it has to make that first decision, given the leadership to which the chairman and you have referred.

Senator JAVITS. The difficulty, Mr. Secretary, that bothers me is the relatively limited goal which you have set out. This is a situation full of unbelievably sensational changes. Who would have thought that the President wouldn't run, that negotiations for peace in Vietnam would be opening in Paris on Friday, and that many other sensations would take place?

I am troubled very deeply by the fact that if we do have a break, and as I say, I am just fresh from dealing with this very question of expenditure cut and cut in obligational authority, it is very important to have something on the table that can be used and used very promptly. It takes a long time to get these things in shape and I would like to get your advice as to what we should have on the table ready to go if we do happily have the opportunity to materially expand existing programs because expenditure pressure is off.

Secretary **Wirtz**. That question is very easy for me. We should have on the table bills like the two we are talking about.

Senator **Javits**. But shouldn't we have them not only on the table but on the shelf; that is, have the benefit of your expertise and that of the Departments and of the unions and of the employers so that we can whip them in shape and make them law. They don't have to receive appropriations immediately.

Secretary **Wirtz**. Yes.

Senator **Javits**. Therefore, assuming that that is so, and I am very pleased to hear you say that, when would you be able to advise us as to what you think would be a proper legislative action simply in authorizing law?

When do you think you would be able to give us your best judgment, whatever it may be? You may finally decide that the thing should look very much like the administration's bill and ours, but when could you give us your best judgment?

Secretary **Wirtz**. I have no hesitation at all about talking to you about any specific aspect of this. However, when we come to a point where a question demanding a net judgment is asked I think the answer would not be constructive.

Of course we have talked over specific aspects lots of times here, and I think to great advantage. We have talked about the corporation, we have talked about the tax incentive program, we have talked about the Government employment program.

I think we have laid a quite adequate basis. I would be glad to expand it by discussing any of those specifics that seem appropriate.

Senator **Clark**. Would the Senator yield?

Senator **Javits**. Yes.

Senator **Clark**. I would hope the Senator would pursue with the Secretary those questions which deal with his bill and particularly the tax credit and the other aspects.

I think it is more appropriate for you. I should tell you that before you came in that the Secretary and I had a very friendly, but nonetheless very clear difference of opinion as to whether this legislation which you and I have sponsored separately was feasible and practical and I took issue with him with respect to the comments which he made in his report.

You should know that in connection with your questions.

Senator **Javits**. Yes; I would call the Chair's attention to what the Secretary is now reiterating what appears in his statement just before the sentence that reads, "I make four points" where he says, if the Chair would be good enough to look at it: "I would have to answer that the question is presently so hypothetical that it precludes constructive answer."

I emphasize the word "constructive." The Secretary in fact reiterated it right now. He says that sure, we ought to have authorizing legislation on the shelf; that is, if something happens in Vietnam that gives us a break——

Senator **Clark**. When you say on the shelf you mean passed.

Senator **Javits**. Passed, that is what I mean.

Senator CLARK. Sure.

Secretary WIRTZ. The Secretary then didn't say that.

Senator CLARK. He didn't say it in response to me. Maybe he did in response to Senator Javits.

Senator JAVITS. Could we understand what the Secretary said?

Secretary WIRTZ. In all deference I believe the colloquy included first the question as to whether I thought we should have it. I said I thought that we should in the sense it should be discussed. I believe you added "putting it on the shelf."

When you say now that on the shelf means passed, I guess we are talking about different things.

Senator JAVITS. OK.

Senator CLARK. I think the Secretary made it very clear before you came in that he does not favor the present passage of either your bill or mine.

Secretary WIRTZ. That is correct.

Senator JAVITS. However, the thing that does puzzle me a little bit is the word "constructive"—"That it precludes constructive answer."

We are led to assume, at least I am led to assume by the use of that word that the Secretary would be against these bills and that therefore this might prejudice him, whereas if we asked him about it at some other time he might be able to give us a more constructive reply. Am I correct in that?

Secretary WIRTZ. It is different in my mind, Senator Javits. I had assumed that your present line of questioning looked toward the desirability of laying the broadest possible basis for moving in any direction that subsequent developments seem to dictate, using as illustrations the tax credit business from your own bill and the corporation element. I think there should and can be constructive attention to those. Then I distinguished that from a question which in its broad form is put in terms of one or both of these bills as such. It is on that, that it seems to me that an answer now would not be constructive and might well be destructive.

Senator CLARK. Would the Senator yield to me?

Senator JAVITS. Surely.

Senator CLARK. Mr. Secretary, I am not at all clear as to why you oppose authorized legislation. I understand why you oppose appropriations, but I don't know why you oppose authorizing legislation.

Secretary WIRTZ. It is not that I oppose authorizing legislation. It is that I oppose pretending to the country right now that we are at the point——

Senator CLARK. I think that is where Senator Javits and I at least just don't think that it is pretense. I think, with executive leadership and legislative leadership in light of the able groups that are urging this legislation, that an authorization is practical and feasible.

The Secretary naturally disagreed.

Secretary WIRTZ. We are ready if you are willing.

Senator CLARK. I think all I can say to that, and again I don't want to have the last word—I want you to have the last word—is that we need you and you are not helping us.

Secretary WIRTZ. You have got to us. We are up here for $2.1 billion right square on the line and so far as I know there is a very real question as to whether we are going to get it.

Senator **Javits**. If you said that with respect to the defense appropriation we would laugh. The fact that it is $2.1 billion shouldn't particularly impress us when we are appropriating $72 to $74 billion for defense.

Senator **Clark**. Of $80 billion.

Senator **Javits**. When you tell us $2.1 billion, that sounds like a lot of money, but you agree, and we certainly feel very strongly, that it falls so far short of the mark that it is jeopardizing our problems in the cities this very summer and under those circumstances we feel that an exercise in leadership in terms of what ought to be the American priorities is essential from us and, with all respect, from the President and from you.

That is what we have been trying to push you on.

Secretary **Wirtz**. My answer assumed the previous context of this similar answer and should therefore be spelled out to the following extent:

I am still awed by, but I am not impressed by, $2.1 billion and I don't mean to suggest that that has in itself a significance. The previous discussion, Senator Javits, related the $2.1 billion to the previous proposal for $1.6 billion, related it to the previous history of the figure being cut down last year, and related it to the present prospect in which I can rely only on hope, that it will be passed. I would agree with you that the magnitude in terms of priorities for the Nation as a whole is not at all the one to which I would subscribe, and so I emphasize the $2.1 billion only in terms of the context of Congress' apparent reaction to it.

Senator **Javits**. Now let's get down to some specifics, Mr. Secretary. A tax credit, Mr. Secretary, has been suggested in these bills as an alternative to a reimbursement for the difference between the econmic and the earned wage.

Wouldn't it be feasible to include that alternative in the administration's bill even if we should only act on that?

Secretary **Wirtz**. In my present judgment not, Senator Javits.

Senator **Javits**. Why?

Secretary **Wirtz**. I have given the committee whatever benefit there is in my view on that, so I would like to add only one thing. I have understood the principal virtue of the tax credit to be that it eliminates the government redtape which is involved in any other approach. We have always recognized that as an advantage which to some extent offsets the danger that the tax credit will operate as a shotgun rather than as a rifle.

I believe that in the JOBS program which gives such a large degree of the administrative responsibility to the National Alliance of Businessmen, we are finding a very material answer to the redtape problem. This, in my judgment, diminishes the need for the tax credit.

Senator **Javits**. It is a fact, is it not, Mr. Secretary, and you tell me if you think it isn't, that we have heard testimony from American business that it likes very much the idea of the alternative, that is, a tax credit or reimbursement?

Secretary **Wirtz**. Yes, sir.

Senator **Javits**. And it would respond by a greater participation in the program.

Secretary **Wirtz**. There has been such testimony.

Senator Javits. Shouldn't that be a reason why we should do this?

Secretary Wirtz. It should be an element and the answer is it would not be in my judgment a conclusive reason. I think that the support of tax credit is affected in some part, not wholly but in some part, by, let me just say, elements other than the efficiency.

Senator Javits. My bill calls for a development of management skills and ownership or participation in ownership of businesses by the residents of the areas served.

Do you think that that concept could be fruitfully incorporated in the administration's JOBS program?

Secretary Wirtz. I think that that is a sound, basic, and important concept.

Senator Javits. And we could use it.

Secretary Wirtz. We are using it to a limited extent. I think the right to work ought to include the right to own. We are finding our most constructive advances today in those programs which are at least looking toward the development of the entrepreneurial factor and I would support the enlarged emphasis on that element.

Senator Javits. As a practical matter isn't it necessary to do more than to honor the right to own, but to encourage ownership?

Secretary Wirtz. Yes, sir.

Senator Javits. And could the Department make us any recommendations as to what we could do in legislation to buttress and strengthen the concept of encouraging ownership, seeking out entrepreneurial talent, et cetera?

Secretary Wirtz. I was using "right" in its legal sense and making a distinction between "right" and "privilege." It is not enough to make it a privilege. I think it is a right.

Senator Javits. Mr. Secretary, would you give us some suggestions now or whenever you can as to what we could do to stimulate and encourage the development of that concept and the idea of going out really to find it, encourage it, and build it up.

Secretary Wirtz. Encouragement of ownership is part, of course, of a number of the programs with which we are now working. The authority is significantly, probably substantially, there already. There are two limiting factors.

One is the money. The other is that, when you talk about developing entrepreneurship in the slum areas among the indigenous peoples of those areas, you do face a very sophisticated, complex, difficult problem.

Senator Javits. In that regard what would you think of the feasibility of this idea for an economic opportunity corporation: that is, a corporate establishment of business encouraged by Government to give technical assistanace and generally to espouse an activist role in respect of entrepreneurship and ownership in the ghetto?

Secretary Wirtz. I think it is appropriate, Senator Javits, to refer to our discussions going back—as I recall—to 1965. As far as one use of a corporate element is concerned, I have been not only sympathetic, but affirmatively in favor of it. The details concerning what the corporation would do, however, requires more careful consideration.

I do point out that, as I understand it, there are two different elements in the bill. One has to do with the use of the corporate device as a kind of development-technical advice kind of machinery. I am frankly not quite clear as to the extent of your emphasis on the other element which lies along the lines of a corporate development which actually gets into the development of local entrepreneurship itself.

I am sympathetic to and have spoken before with you in support of the development of both of those concepts, depending, of course, on more careful examination of the details.

Senator JAVITS. I thank you very much for that support. I assure you we will try again even in the administration's bill, and I hope without burdening financially, to bring in this concept and get it used.

The other thing that we have suggested which I would appreciate your commenting on is the concept of local service companies which would deal with municipal or other governmental functions on a contract basis.

Secretary WIRTZ. You know, we are trying it right now. To take an illustration as close to home as the District of Columbia, for example: We are trying to push that concept very hard in connection with the Pride project. It is not easy going. I sure don't rule it out.

We have given considerable thought to the development of the use of the corporate concept. We are watching very closely the extent to which the various cities include such an element in their model cities plans because another important question involves the extent to which the corporate device should be used on a national level and the extent to which it should be used on a local basis. I know that some of the model cities plans are pressing this forward.

I am sure it should be one of the elements of the future.

Senator JAVITS. I do and I have always contemplated a national company that would operate through local corporations. I wish to differentiate in this regard, Mr. Secretary, between the corporate form used by a governmental entity to simplify its operations in terms of the bureaucracy and the corporate form as used to admit to ownership individuals and others in the private sector.

I assume it is the latter which you and I are now discussing.

Secretary WIRTZ. I think so, although I don't have any objection to the first, depending on the extent of its operations.

Senator JAVITS. Neither do I, but it is not the particular concept that we have in mind with the local service companies.

Secretary WIRTZ. That is right.

Senator JAVITS. The other thing I wanted to ask you, sir, is this. We have also dealt with the problem of finance in this area and have urged the creation of a banking institution which could give financial backing to entrepreneurship in slums and ghettos which we have called the Domestic Development Bank, very much modeled after the concept of the World Bank.

Now, that takes money, but relative to its leverage it of course doesn't take a great deal of money and I wondered whether you had thought about anything like that.

Secretary WIRTZ. Too little, frankly, Senator.

Senator JAVITS. Pardon?

Secretary WIRTZ. I have thought about that too little to be very constructive on it.

Senator JAVITS. May we submit to you our concept for that and ask for your comment and put it in the record?

Secretary Wirtz. Yes; I would be glad to. I am not clear, for example, as to the extent it goes beyond the present kinds of programs under EDA and the Small Business Administration kind of program. I have read the bill. I am familiar with the suggestion.

I think it is an important question as to how far it does go beyond present authority and I frankly don't understand the extent to which it does.

Senator Javits. Finally, Mr. Secretary, I would like to come to something that has represented a little difference in figures between you and myself which I am terribly sorry about, which is nobody's fault, and ask you about this $75 million summer employment program which is still hung up in conference.

As we understand it, the workweek has been cut to 26 hours. The length of the program for the individual has been cut from 12 weeks to 10 weeks and in some cities, including my own New York City, it has been necessary to eliminate that element of last year's program which put some of the more promising summer programs on a full-year basis.

Could you give us your evaluation of the effect upon the program of those changes?

Secretary Wirtz. My I set the New York City case aside because the situation there involves a peculiar combination of Federal and local financing.

Senator Javits. Lay that aside.

Secretary Wirtz. My answer on the other two points is that I think that the reduction from the 32 to the 26 hours per week and the reduction from the 12 to 10 week program is unfortunate. The loss in effectiveness of the program is directly related to the dollars which are involved.

Senator Javits. How much is involved?

Secretary Wirtz. Last summer each enrollee worked approximately 30 hours per week at an average earning of $1.30 per hour. During the 12-week duration of the summer program, therefore, the average enrollee worked approximately 360 hours for a total earnings of $468.

In order to maintain our summer program at last year's level—294,000 job slots with less funds available—we are limiting the total number of hours an enrollee may work to 260. Assuming a wage averaging $1.30 per hour, each enrollee may earn a total of $338 for the summer.

Distribution and organization of these work hours is generally left to the discretion of local sponsors. Depending on the situation a sponsor may decide to shorten the number of hours worked per week in favor of extending the summer program over a 12-week period. In other cases a sponsor may choose to maintain the 30-hour workweek, but limit the duration of the program to 10 weeks.

In either case the total enrollment level will be maintained at 294,000.

Senator Javits. Also would you be good enough to give us a solid figure on that? You understand why I want it. I need it.

Secretary Wirtz. Certainly, and my answer is that the effect on the program can be translated almost into a percentage figure which is the relationship of those dollars to the dollars they would otherwise have gotten.

Senator Javits. It is about 20 percent I think.

Secretary WIRTZ. Something like that. The rest of the answer is that I think it is very important that the revised program has satisfied the point that young people be given the opportunity to work during the summer. That is important to democracy and to society.

Senator JAVITS. One last thing. What would you have regarded as a legitimate bulge for this summer in view of our situation? You see what is worrying me, and laying aside, as I say, any differences which we had on figures, which I am very sorry about because it just serves to confuse the main issue, what would you have regarded, even with our financial situation and all our troubles and in view of the dangers of public disorder, as the legitimate increase in the slots for this summer?

Very frankly, Mr. Secretary, I am asking these questions for this reason. I really want to make a strong try to follow through with what the Senate has done. The Senate turned down the conference report out of deference to the arguments that something better ought to be done.

I don't want to be unrealistic about it. I would like to get some idea without committing the administration in any way because the administration has not necessarily come in for this itself, but I would like to at least get some professional idea as to what would be a fair effort and possible to implement, that's all. It is very clearly understood that the administration is in no way committed, that it hasn't asked for anything, and I am only seeking enlightenment as a substantive question.

Secretary WIRTZ. At this time in the year?

Senator JAVITS. Yes.

Secretary WIRTZ. Recognizing the time factor? I expect Senator, as of this point—that is a practical question and you have not identified it as not involving any commitment.

Senator JAVITS. Not at all.

Secretary WIRTZ. I think the practical answer probably lies in the pragmatic facts of how much the program could be enlarged between now and the time it becomes effective.

Senator JAVITS. Could you tell us——

Secretary WIRTZ. And I am going to give you an off the top of my cuff reaction, and it is in the neighborhood of 75 to 150,000 slots and I take 100,000 as being as good a figure as any.

Senator JAVITS. So in contending for what I might be contending for, I should contend within those limits of practicality?

Secretary WIRTZ. I would say I think the limiting factor at this point in time is the amount you can responsibly move in what is now a matter of 30 days.

Senator JAVITS. That is right. If you had that money you would still, I gather, stick to the reduction in hours and the reduction in weeks.

Secretary WIRTZ. I would not make that judgment at this point.

Senator JAVITS. You wouldn't. In other words, you would want leave for later decision what you would do with it.

Secretary WIRTZ. At least to think through the answer to your question and I suspect trying to do some of both.

Senator JAVITS. The last thing Senator Clark and I would both like to ask you, and if I may ask it and hope it is not an indiscretion, are you in any way aware of what the administration intends to do about these manpower programs in applying the $6 billion expenditure cut, if that turns out to be the amount approved by the Congress?

Secretary **Wirtz**. To answer quite candidly, I am not. I read with great interest the story in the paper this morning, and noted with interest that the manpower program was not among the items enumerated. But I thought, Senator Javits, that what I was reading was what the Congress was proposing to do rather than what the administration had in mind.

That is the way the story read.

Senator **Javits**. The way the thing is now going to work out I think—and I have no idea as to what the conferees will do—but I believe they are trying to provide for a $10 billion cut in the authority, that is, in the new obligational authority to spend, which is given by appropriations bills. I am hoping that the way that will be handled will be that the President wil have leave to reduce what the Congress does not cut up to $10 billion.

We have talked about a $6 billion expenditure cut, but of course the $6 billion is encompassed in the $10 billion appropriations cut.

Secretary **Wirtz**. Senator Javits, simply recognize my position. I am up here being asked to testify affirmatively on proposals which would involve the expenditure of another x billion of dollars and the testimony ends up with my being asked to express the judgment on what we should do, we, the executive, should do, about cutting back on our present authorizations.

It couldn't point up more sharply the difficulty which I am in, and not individually, but in general. And let me just in all humility suggest that it does seem to me too bad for you to be asking us to say yes or no on programs of this kind, and then suggesting in the next breath that it ought to be up to the executive to do the cutting back.

Senator **Javits**. I haven't said that at all. I am taking an actuality.

Secretary **Wirtz**. I understand.

Senator **Javits**. I am not a party to that particular program.

Secretary **Wirtz**. I understand.

Senator **Javits**. I am taking an actuality and asking how it would be applied, and I think we have already settled the question as to whether Senator Clark and I feel the bill ought to be passed based upon the fact that it should be ready to be acted upon with money if money is available.

Mr. Chairman, I have two questions for Senator Murphy. I don't wish to intrude on any other member's time.

Senator **Clark**. Senator Pell, any questions?

Senator **Pell**. No questions.

Senator **Clark**. See if Senator Nelson wants to ask any questions?

Senator **Javits**. I could read these.

Senator **Clark**. Why don't you go ahead, yes.

Senator **Javits**. Mr. Secretary, these are Senator Murphy's and I ask unanimous consent that they be included in the record.

Senator **Clark**. Without objection it is so ordered.

Senator **Javits**. 1. Would you compare the record of the CEP, concentrated employment program, with the regard of the skill centers as to characteristics of enrollee, cost per enrollee, placement record, dropout rate, et cetera, assuming you cannot give us the answer here now.

Secretary **Wirtz**. We will supply for the record the best evidence we have.

(The material subsequently supplied for the record follows:)

COMPARISON BETWEEN CONCENTRATED EMPLOYMENT PROGRAM (CEP) AND SKILL CENTERS SUPPLIED BY DEPARTMENT OF LABOR

A valid comparison between the CEP's and the Skills Centers in the aspects requested is difficult because of differences in the goals and structure of the programs. Comparative data on the characteristics of enrollees in the two programs can be provided, however, and indicate that both concepts are fulfilling their mission reasonably well. With respect to characteristics of enrollees (see table attached), the Concentrated Employment Program, as it is designed to do, is penetrating deeper into hard core with 78 percent of its enrollees with less than a high school education, 91 percent below the poverty line, and 86 percent minority group members, mostly Negro. The cost figures are not comparable because of the differences in the kinds of services supplied on the average to enrollees in the two programs.

Based on approval data, not actual enrollment, HEW reports the per trainee cost for the skill centers as $940. The average expenditure per enrollee in the CEP after less than one year's operation is $647. It is expected that the enrollee cost for a full year's operation of a CEP program will be higher. At the present time the dropout rate from the CEP is 13%; from the skill centers, 21%.

Placement rates are also difficult to compare, since there are many kinds of "placement" in the CEP program; e.g., into a New Careers program, on-the-job training, as well as direct placement into employment. However, the placement rate by the skill centers of those who complete the course is 80%. The placement rate by CEP into permanent employment, excluding dropouts, is 34%. This rate, however, sould be considered in the context of an on-going program—which means that 76% are still in one or another component of the program.

CHARACTERISTICS OF ENROLLEES IN CEP AND SKILL CENTERS

[In percent]

	Sex		Race			Ethnic group		Age			Education			Poverty status		Duration of unemployment				
	Male	Female	White	Negro	Other	Mexican-American	Puerto Rican	21 and under	22 to 44	45 and over	8 or less	9 to 11	12 and over	Above poverty line	Below poverty line	14 weeks or less	15 to 26 weeks	27 weeks or more	Heads of family	Public assistance recipients
Concentrated employment program [1]	48	52	14	80	6	7.6	3	36	54.6	9	23.5	55	20	9	91	51	15.8	34	52	17
Skills centers [2]	72	28	35	(3)	(3)	(3)	----	41	50.0	[4] 9	21.0	41	35	--------		(5)	[5] 49.0	(5)	----	16

[1] Data as of Mar. 19, 1968.
[2] Data as of November 1967.
[3] 65 percent nonwhite.
[4] 44 and over.
[5] 86 percent unemployed.

Note: Figures based on 3,960 enrollees, a sample of skills centers.

Senator **Javits**. The second question. With the skill center program in the words of Garth Mangum "reaching a more disadvantaged clientele than other MDTA projects" and, with a backlog of 14,000 youngsters in Los Angeles alone, would it not make more sense to place our limited resources and our bets on programs such as skill centers with a proven record?

Is that clear?

Secretary WIRTZ. Yes; but I will ask our people to get together with the Senator because of course in Los Angeles, the area to which he refers particularly, the skill center program is the same as the CEP program. I will try to untangle the extent to which the inquiry is about Los Angeles and the country as a whole and the extent to which it is an inquiry and a statement. However, we will make arrangements to satisfy the request.

Senator JAVITS. And, Mr. Chairman, I ask unanimous consent that the answers be included in the record.

Senator CLARK. Without objection it is so ordered.

(The information subsequently supplied follows:)

RESPONSE OF U.S. DEPARTMENT OF LABOR TO QUESTION SUBMITTED BY SENATOR JAVITS

In response to question number two, I must reiterate the point made in response to the Subcommittee's question 8a, namely that no one program is suitable to provide the necessary range of manpower development services. The range of available manpower services should include outreach, counseling, orientation, coaching, skill training, work experience, job development, placement and follow-up. Some services such as skill training are best offered through institutions such as skill centers. Others can be best provided through other mechanisms, e.g., on-the-job training with private employers, contracts with private schools, effective use of the U.S. Employment Service and other community groups.

In Los Angeles the skill center is an integral part of the CEP program, and is partially funded through the CEP mechanism. We take the position that the several organizational program designs are complementary and together are calculated to meet the variety of needs of the people and that resources should be distributed to optimal benefit.

Senator JAVITS. That is all.

Senator CLARK. Senator Nelson?

Senator NELSON. No questions.

Senator CLARK. Senator Pell?

Senator PELL. No questions.

Senator CLARK. Mr. Secretary, I have a few matters which I didn't cover since I gave Senator Javits an opportunity to talk to you. I would like your comment on the State plan mechanism for administering a large-scale public employment program which is in S. 3249, Senator Javits' bill, make grants to the State.

Secretary WIRTZ. You would like my comment on that?

Senator CLARK. Yes.

Secretary WIRTZ. I beg your pardon. Is that the provision for the administration of the State programs?

Senator CLARK. I would like you to comment on the proposal of Senator Javits' bill which would create a State plan mechanism for administering large public scale employment program instead of doing it through the channels which are presently set up.

Secretary WIRTZ. I do understand the question and I will either supply the answer for the record, Mr. Chairman, or ask Mr. Ruttenberg to comment on it, since he is familiar with the present administrative system with which that would be compared.

Senator JAVITS. Would the Senator yield to me?

Senator CLARK. Yes.

Senator JAVITS. I would like to give you my philosophical theory in all these State matters and I would hope very much that you would feel free to comment. I believe that the States should be permitted to submit a plan to administer these resources on a block grant basis, that that plan should be developed according to criteria specified in the law or in regulations, that if the plan is satisfactorily conducted, subject to oversight and supervision by the Federal Government department concerned, the State should have that opportunity. Then if the State fails or refuses to submit a plan or if the State does not administer its plan satisfactorily or in good faith, the Federal Government may move directly right down the line with the affected entities.

That is the philosophic theory which I generally believe in as a fair solution to the Federalist problem. Here, the approach in my bill relates to only 40 percent of the total funds, but I wanted to give you my concept of the way things like this ought to work.

Secretary WIRTZ. I don't believe my offhand reactions to that would be worthwhile because frankly I haven't thought it through. The answer has to take account of the effectiveness of the present CAMPS program. It has to take account of the quite uncertain difficulty and difference in various relationships between the States and the local authorities.

My starting point with the answer to the question will involve a somewhat different philosophical evaluation from yours.

Senator JAVITS. I would welcome that. I think this should be considered.

Senator CLARK. I think the problem has been before us in this subcommittee year after year and I hope I am stating it fairly when I say that there are a number of States, including New York and several others, which are probably pretty well geared up to accepting considerable additional authority for administering programs in this area. There are not very many States, and I wonder whether it is wise to set up a proposal which perhaps a half dozen States at the most could, and I use the word advisedly, be trusted with.

Secretary WIRTZ. That is the reason for my reservation, Mr. Chairman.

Senator CLARK. Mr. Secretary, do you think it would be worthwhile for the committee to provide in connection with the MDTA budget that perhaps as much as 2 percent of the authorization should be set aside for administrative staff training and technical assistance in the light of our agreement of an hour or so ago that there was a very serious lack of top-flight administrators with any expertise in these areas?

Secretary WIRTZ. Yes. It presents the question of whether the funds come out of the MDTA budget or are in addition to it. That becomes just a pragmatic judgment. If the question is whether 2 percent of that program, whatever it is, could appropriately be spent that way, in my judgment the answer is affirmative.

Senator CLARK. You would probably do it, anyway, if you had the possibility.

Secretary **Wirtz.** Yes, we are doing quite a bit of it. We are setting up training programs which train people to run training programs so that I don't know how significant a change 2 percent would mean.

Do you have any idea?

Mr. **Ruttenberg.** It wouldn't add very much to what is now being spent in this general area.

Senator **Clark.** I think we would do, if we do it, would be to say at least 2 percent.

Secretary **Wirtz.** We not only would have no objection but also think that the identification of that purpose by the Congress would be an affirmative good.

Senator **Clark.** This gets back to some extent to what you and I were discussing before Senator Javits came in about the lack of coordination and the administrative problems with these many, many different manpower programs which tend to overlap.

The Javits bill has a proposal for a nonprofit corporation to coordinate manpower programs for private employers. Would this be a provision, to some extent technical, which you would favor, and if so, how would the proposed corporation relate to the U.S. Employment Service?

I am a little allergic myself, possibly for philosophical reasons, to think that you can solve a lot of problems by simply creating a corporation.

Secretary **Wirtz.** My reaction corresponds to your own, Mr. Chairman. I have serious doubts about the efficiency of the Federal Government in providing for the coordination of private employment programs.

Senator **Clark.** There was a report, as you know, by an independent committee, the Committee on Administration of Training Programs, made up I believe through HEW with a $100,000 appropriation for an evaluation of manpower problems and programs. They evaluated the U.S. Employment Service and came to the conclusion that the present funding source is approaching the exhaustion point and indicated there was widespread poor performance.

They recommended that the Secretary of Labor be empowered to withhold funds from the State employment service which you find to be ineffective. Would you like to have the power?

Secretary **Wirtz.** I would like to check with Mr. Ruttenberg on whether that recommendation goes beyond the present authority, which does include the withholding of the funds.

Isn't that right?

Mr. **Ruttenberg.** I am not sure.

Secretary **Wirtz.** The present law does permit the Secretary of Labor to withhold all funds from a State. I think that the committee to which you refer, which was under the chairmanship of former Congressman Vivian, proposed withholding on an item basis.

Senator **Clark.** That is right.

Secretary **Wirtz.** That would be a material change.

Senator **Clark.** I should think it would be helpful rather than have to take the broad sort of approach.

Secretary **Wirtz.** Mr. Chairman, from my point of view the answer would, of course, be "Yes." However, we would make a serious mistake not to recognize that that is a point on which the States strongly hold a different opinion.

Senator **Clark**. Oh, yes; we have been trying to get Wagner-Peyser reforms, as you know, and we haven't gotten anywhere with it.

Secretary **Wirtz**. I know. It is my impression this proposal was in the bill we submitted to the Congress a year or two ago. I don't mean to muddy up my answer to the question. I support the proposal, but I think there are serious pragmatic difficulties.

Senator **Clark**. That same Committee on Training Programs recommended that immediate attention be given to serious problems in the on-the-job training program and charged that on-the-job training is often of questionable quality, and too frequently aimed at jobs which are meaningless and dead end.

Would you respond to that criticism?

Secretary **Wirtz**. They are right, and we have already given the matter serious attention. We have looked into it both in terms of organizational structure and in terms of the fuller development of the JOBS program.

Senator **Clark**. The same committee asserted that there is wide acknowledgment of the meagerness of the present evaluation effort and claimed that your Department demonstrates little concern about what becomes of these trainees once they finish their program.

Would you comment on that?

Secretary **Wirtz**. They are wrong, Mr. Chairman. There has been a very significant, substantial expansion of the evaluation process in two areas.

The first is in connection with the evaluation of the efficiency with which particular programs are being administered. The second is in connection with the evaluation of various approaches to the whole matter.

A timelag is inevitable in this process. First, there is the timelag involved in making the soundest possible measurement which entails looking at each individual 6 months or a year later. Doing anything less than that is kidding yourself.

There is also a timelag involved in the evaluation process itself, so you deal here with what cannot conceivably be shorter than about a 2-year period.

Those evaluations are a good deal further along than has been generally recognized. The evaluation process in the first area is working now virtually to our satisfaction. Mr. Ruttenberg can tell on short notice now from material which has been computerized what the situation is on a particular project.

I guess our retrieval period now is down to a matter of a short time, isn't it?

Mr **Ruttenberg**. Yes.

Secretary **Wirtz**. So that we know very quickly how any particular program is working. Our experience is accumulating on the broader question of whether the on-the-job training program on a cost effectiveness analysis basis is better than institutional training, whether the Youth Corps with supportive services is better than the Job Corps or something like that. The more precise we get, the more it becomes clear that the evaluation process, as far as human development programs are concerned, is a highly complex piece of business.

When somebody tells me that because individuals A through L were in one program they increased their earnings more than individuals M through S increased theirs because they were in another program, there is always one unanswered question; that is, What kind of individuals did we start with, and without that factor most of this is kidding. We are developing methods for establishing what the situations call control groups which will give us a handle on this very difficult problem.

Senator **Clark**. I agree with the example you gave but I expect you would agree with me that the evaluation process isn't highly useful in certain areas.

Secretary **Wirtz**. Yes, sir.

Senator **Clark**. And that raises a question for this committee as to whether you would object to an amendment to the MDT extension similar to the one we wrote into the EOA amendments in 1967 which would call for stronger evaluation requirements.

Secretary **Wirtz**. I would not have any objection at all.

Senator **Clark**. Your statement, I think—check me if I am wrong—indicated that the institutional MDT served the disadvantaged better than OJT; is that right?

Secretary **Wirtz**. No; I would not make that net judgment.

Senator **Clark**. You would not?

Secretary **Wirtz**. No. I think very possibly you are referring, Mr. Chairman, to the fact that our evaluations so far show there is a higher percentage of training of hard-core unemployed in the institutional programs than in on-the-job training programs.

Senator **Clark**. That is what I was afraid. Mr. Mangum made that point rather strongly.

Secretary **Wirtz**. That percentage is, of course, shifting very rapidly as illustrated particularly by the fact that the JOBS program is directed entirely toward the disadvantaged.

Senator **Clark**. Is it fair to say that the Department is shifting its emphasis or its priority away from institutional training and toward on-the-job training?

Secretary **Wirtz**. The figures taken over the last 5 years would show a steady shift in that direction. Therefore the easy answer to your question would be "Yes." I call attention to the fact that we reach a point where we have to specifically recognize the desirability of upgrading at a higher level in order to permit people to come in at the bottom. An additional goal is to make the economy work better.

We also reach a point which can be illustrated in connection with the paramedical people, USES, and so on. There is a social priority which has to be met along with the hard-core priority. So I answer that, in terms of the distribution between hard-core disadvantaged and those who fall outside that class, the emphasis has been on the hard-core unemployed. Right now we are increasing that emphasis.

I qualify the answer only to say that we have to continue to take the social priority into account.

Senator **Clark**. And the hard-core unemployed are pretty hard to get, are they not, into effective occupations?

Secretary **Wirtz**. That is the whole point of the JOBS program. That JOBS program is to be limited to those whom we, the Employment Service, and the various appropriate government and private recruitment agencies refer to the employers as being hard core.

Senator **Clark**. We know from experience in OJT to date it does not permit a final judgment as to how effective it is; OJT has not served the disadvantaged as well as the institutional.

Secretary **Wirtz**. I have the view, and I would welcome Mr. Ruttenberg's judgment on it, that the on-the-job training does have enough advantages to identify it as being the best single approach at this point to the hard-core unemployment problem, when and if it is accompanied by supportive educational and training services.

I believe that, again taking the political hard facts into account, we are going to move along the lines that the hard core should be employed and put on the payroll from the start and that the training then should be in connection with that.

Senator **Clark**. That leads me to seeking your opinion on the effectiveness of the OIC concept which was such a success in Philadelphia through Reverend Sullivan but which I hear has not worked as well in other cities.

I would like your evaluation of that and your reasons why it has not worked well in other cities.

Secretary **Wirtz**. The first part of my answer would be to affirm completely your own suggestion that the OIC—Opportunity Industrial Centers—project in Philadelphia has been very, very successful. My reaction is more affirmative than your question implies as far as the program in the other parts of the country is concerned.

It is unquestionably true that Reverend Sullivan's personal identification with the program in Philadelphia has been a very material factor in its success. But he has developed an organization now to the point where it is working well in other places, too.

I think that it is probably the following factor which has led to the expression of some question about OIC: Because it includes, for example, no training allowance, it is by its very nature a program which is directed not so much toward the hard-core disadvantaged as toward those who have usually had some experience and who have some considerable assets.

As a matter of fact, if that weren't true of them they probably would not go into a training program which had no allowances. So I believe the reservations that have been expressed about that program in other cities relate to its being directed less at the hard-core disadvantaged than other programs are.

In sum, Mr. Chairman, my answers is that the OIC has been a very, very important constructive addition to manpower programs and is today.

Senator **Clark**. Everywhere it has been started?

Secretary **Wirtz**. Not everywhere. I think another point should be made. OIC is different things in different places. To be specific, one of the greatest difficulties we have had is in trying to tie the OIC in with a concentrated employment program. It works better on its own we find than in conjunction with a program of that kind. In cities, such as Pittsburgh and Washington, in which it has taken over a very limited part of the CEP program, I thing it is the general consensus that it has not worked so well.

I believe that there is a natural working relationship between the OIC and the National Alliance of Businessmen in connection with the JOBS program because an effective relationship between OIC and private employers has developed. If the OIC program can be redirected to the point where it provides a recruitment facility and a training facility for hard-core unemployed as part of the JOBS program, that will be a very important coordination of effort.

Senator CLARK. I would like to turn your mind to the out-of-school NYC program, neighborhood youth program, which critics suggest serves merely to perpetuate the nonskilled status of youth during the period when they ought to be acquiring employable skills.

Is this true to any extent? If so, what should we do about it?

Secretary WIRTZ. I am not sufficiently familiar with those comments to feel that my answer would be as good as Mr. Ruttenberg's who has been following it very closely.

Senator CLARK. How about it Mr. Ruttenberg?

Mr. RUTTENBERG. I think in the out-of-school program in the past year and a half we have more and more attempted to include supportive services. It is true that if one looks at the out-of-school program as originally conceived and as it was developed in the early days of the program in 1965 through 1966, the criticisms that have been leveled are correct. But if one begins to look now at the additional supportive services like basic education and tying into other types of training that are being developed with the NYC out-of-school program, I think one would come to an opposite conclusion. I am afraid those who are critical of the NYC out-of-school program are looking at it as it was in 1965–66 and not as it is in 1967–68.

Senator CLARK. Thank you, sir. Thank you very much, Mr. Secretary, for a most enlightening morning.

We appreciate your statement and assisting the subcommittee.

Secretary WIRTZ. Thank you very much.

Senator CLARK. The subcommittee will stand in recess until 10 o'clock tomorrow morning.

(Whereupon, at 12:45 p.m., the subcommittee recessed to reconvene at 10 a.m., Friday, May 10, 1968.)

EMPLOYMENT AND TRAINING LEGISLATION—1968

FRIDAY, MAY 10, 1968

U.S. Senate,
Subcommittee on Employment, Manpower, and Poverty
of the Committee on Labor and Public Welfare,
Washington, D.C.

The subcommittee met at 10 a.m., pursuant to recess, in room 4232, New Senate Office Building, Senator Joseph S. Clark (chairman of the subcommittee) presiding.

Present: Senator Clark.

Committee staff members present: Michael W. Kirst, professional staff member; and Robert E. Patricelli, minority counsel to the subcommittee.

Senator Clark. The subcommittee will resume its session.

Our first witness this morning is Assembly Speaker Jesse M. Unruh of the California State Legislature.

Mr. Unruh, we would be happy to have you move up to the witness chair. Off the record a moment.

(Off the record.)

Senator Clark. Back on the record now.

STATEMENT OF JESSE M. UNRUH, ASSEMBLY SPEAKER, CALIFORNIA STATE LEGISLATURE; ACCOMPANIED BY WILLIAM F. LIPMAN, DIRECTOR, FEDERAL OFFICE, CALIFORNIA LEGISLATURE; ROBERT SINGLETON, ASSEMBLY OFFICE OF RESEARCH; AND MICHAEL MANLEY, LEGISLATIVE ASSISTANT

Mr. Unruh. Thank you very much, Senator Clark.

Senator Clark. We would like to have you introduce your colleagues.

Mr. Unruh. I will be glad to. Speaking from left to right, on my far left is Mr. William Lipman, who is in charge of the California Legislative Office in Washington, which I think is a unique endeavor in itself. We established some 15 months ago an office in Washington designed to give the California Legislature a listening post not so much to come to Washington to try to get more help, but to take a look at things before they are finalized in an effort to have some effect on Federal legislation.

Senator Clark. I think that is a very wise precaution. We have one from Pennsylvania too. We are very careful to say we are not lobbyists.

Mr. Unruh. Next to him, next to me, is Bob Singleton, who is in charge of our Task Force on Job Development in California, and on my right is my legislative assistant, Mr. Mike Manley.

4201

Senator **Clark**. We are happy, gentlemen, to have you here and appreciate the courtesy of your coming to give us the benefit of your thinking. You just proceed in your own way, Mr. Unruh. I see you have a prepared statement and my understanding is you would like to read it and you don't mind interruptions.

Mr. **Unruh**. I don't mind interruptions, or if you prefer I will attempt to synopsize it. I think it is a good statement and I would like to see it entered in the record.

Senator **Clark**. We will enter the entire statement in the record at this point, and Mr. Speaker, will you now proceed in your own way.

(The prepared statement of Mr. Unruh follows:)

Prepared Statement of Jesse M. Unruh, Assembly Speaker, California State Legislative

CALIFORNIA'S EFFORTS TO REORGANIZE MANPOWER AND JOB TRAINING EFFORTS AND PROGRAMS

Mr. Chairman and Members of the Subcommittee, I appreciate this opportunity to discuss with you this morning an issue which I believe is at the heart of the clear and present crisis of our great American cities: Unemployment and underemployment of vast numbers of underprivileged Americans, most of them black.

Recent federal programs aimed generally at the problems of our cities in such vital fields as health, education, welfare and housing have embodied the proper intent of the Congress to act to eradicate the problem of our cities—which is essentially a social problem—but many of these programs though conceived with good will have been less than fully effective. At times, although well motivated, they have intensified rather than ameliorated the problems which they were designed to solve.

Perhaps the most obvious example of this inconsistency in federal programs—and in similar programs conceived at the state level—has been in the area of manpower and employment policy.

I wish to make it abundantly clear before I attempt to outline to this Subcommittee recent California developments in this field that I am not trying to shift blame on the basis of a superficial analysis of federal—state relations. The fact is that federal laws are passed by one group of politicians, and state laws by another group of politicians. Neither group has a corner on compassion or brains. The main difference between the two seems to be the distance of each group of politicians from the problems they are trying to solve.

For years now, we have been speaking of federal-state relations in the abstract, as I have been doing. The latest panacea is something called "Creative Federalism" which somehow is going to rework our government institutions and make them effective at every level. But as this abstract discussion continues, real problems go unsolved and real people suffer.

The federal government, in its concern and compassion for the problems of the unemployed in the nation, has devised over two decades an imposing panoply of programs and funding sources, in most cases to be implemented by state governments and in some cases directly by local governmental agencies. Most state governments, in a lethargic fashion, have accepted the federal incentive and have imposed the programs. A few states—I believe my State is one—have led the federal government by several years in each program and, when the additional federal financing has become available, have thankfully and enthusiastically integrated its state program with the federal program.

My point today is that both levels of government have missed the mark quite badly. Despite the fact that today more than $200 million is expended annually in the State of California, primarily by the federal government, for employment, job training and counseling services, we still have not reached with these programs the chronically unemployed people in our large, urban centers.

Our increased involvement with the problems of the unemployed has been haphazard indeed.

New programs have been added to meet newly perceived needs, but the old programs remain in force so that we have a crazy-quilt of federal regulations governing how money is spent in this field by dozens of agencies, all but guaranteeing that the programs will not work. And the future direction of the federal effort holds no promise of improvement.

In his manpower message, the President proposed a new "concentrated employment program" patterned after a program called "Jobs Now" which was very successful in Chicago. But California does not have the same problems as Chicago has. The three experiments with this program which were attempted in my State all failed. Still the federal government may move ahead with this program in the mistaken belief that what works in one area will work everywhere.

Furthermore, most of these federal programs set the wrong goals. They measure success in terms of a high placement rate. Therefore, the most easily improved people—the people who need the least help—are the people who are selected because they can be placed most readily. It is quite normal for the bureaucrats in our employment agencis to go after "instant success", which can only be achieved with those ready and able to work.

This only intensifies the concentration of hard-core unemployed. The federal government *should* be spending its money in those areas where there is the *least* visible sign of success.

This is part of a general problem of inadequate evaluation of employment programs. When these programs fail, who is there to complain? The hard-core unemployed are among the least articulate in our society. They expect insensitive, inadequate treatment from their government, and that expectation is usually fulfilled.

We are still using measures of unemployment which were developed to deal with the kind of problems that existed in the 1930's when we had what might be called "Depression unemployment". That kind of unemployment occurred across the entire occupational spectrum. There was unemployment among laborers and among professionals. The color of the collar you wore made no difference.

Today's problem is entirely different. We might call it "prosperity unemployment". Virtually all of our unemployment is concentrated among those with few or no skills. So the standards which were developed to measure Depression unemployment are irrelevant when we try to deal with prosperity unemployment.

The unemployed we are talking about don't fit the old definitions. They don't qualify for unemployment insurance and they never did. They are not looking for work because they know that the search for a job is futile.

A significant number of these unemployed don't even show up in census figures because they have learned to duck out the back door when anyone wearing a tie comes to the front door.

Let me cite some of the statistics in Los Angeles to give you an idea of the magnitude of the problem I am trying to describe.

A special census in 1965 showed that the unemployment rate in South Central Los Angeles was 10.7 percent. But remember, this is "official" unemployment—people who have worked, who are available for work, and are actively seeking work.

That census also showed 14.8 percent of the males between 20 and 64 years of age were "non-participants" in the labor force. That is, they were not actively seeking work.

In addition, this census revealed, as all other censuses in urban ghettos have revealed, that at least 20 percent of the males between 20 and 64 could not even be found.

Now, if we assume that half the "non-participants" are unemployed and that half of those who were not counted in the census were unemployed—and these are both very conservative assumptions—then the male unemployment rate in the Los Angeles ghetto stands at 28.1 percent.

If we add to this hard unemployment figure the factor of underemployment—those who work only part time or intermittently—our most conservative estimates show that 33 percent of the ghetto labor force in an area of 321,000 residents are subemployed: that is, whether they have "jobs" or not, their annual take-home pay—if they are employed—for a family of four is less than $4,000. For many, of course, it is far less. As I stated earlier, we really have no system for meeting this need. We have chaos.

In the other urban areas of California the problem is not much different. In the Mission-Fillmore ghetto district of San Francisco, while the areawide *"official"* unemployment rate is 11.1 percent, the actual *sub*employment figure stands at 25 percent. In the Bayside district of Oakland a comparable figure is 30 percent, compared with an "official" Department of Labor statistic of 13 percent. In California today, these figures add up to 400,000 unemployed persons.

These large concentrations of disadvantaged families living in extreme poverty and frustration constitute the single most serious problem in California today!

It is compounded by the fact that *over 80 percent of the people living in these areas are non-white.*

In response to this problem, in my State today there are over 20 different federally initiated and funded programs which, combined, constitute the largest single resource available for solving this problem. In addition, the national government is now considering—and this Subcommittee now has before it—additional new programs which it is proposed be layered on top of the old programs. Since 1961, our total federal and state expenditures for such programs have increased tenfold but still the problem persists. In fact, it is becoming more acute.

This is because agency services and program functions are fragmented and uncoordinated; one recruits, one orients, one tests, one teaches and one places. The odds that a person will drop out or be rejected at any one of these transfer points are extremely high. It is a design for discouragement.

The undereducated, unemployed Negro or Mexican-American who finally summons up the nerve to approach one of our government programs or agencies is really beginning an obstacle course.

It is often impossible to "fit" the various services provided by government agencies into the multiple needs of individual disadvantaged persons because, although there are over 20 different agencies, there is *no system!*

Each agency generally provides only one or two needed services and can benefit only those who already possess basic education and other financial or social resources.

The $57,000,000 annual Vocational Education expenditure in California for classes in high schools or junior colleges is of this type.

Other joint federal-state administered programs (costing approximately $56,000,000) also tend to supply only one or two kinds of service and thus serve the least disadvantaged.

Even the MDTA institutional and on-the-job training programs, probably the most effective of this type, currently contain less than 50 percent non-white persons, and there are indications that even lower minority percentages actually complete such training.

It also appears that the total MDTA operation is unable to substantiate more than 50 percent placement success rate for their total group of enrollees.

Agencies are unable to coordinate services for individual clients and, because of bureaucratic and other constraints, cannot secure the necessary cooperation from relevant government agencies or local employers. The disadvantaged persons are left to drift in a maze of bureaucratic agencies.

Most of the $89,000,000 worth of programs directly administered by the federal government fail for this reason.

There is no fixed point of responsibility at the delivery end of the system to guarantee that every person entering will be supplied with the various supports or training he needs from the time he enters the system until he is securely placed in a job.

A client may need to apply to a different agency or a different person to secure any one of the following typically needed services: intake, counselling, referral, testing, basic or compensatory education, living allowances, legal aid, health care, child care, transportation, vocational training, final placement services, and the followup supports that are frequently needed.

There is no fixed point of responsibility at the state level to guarantee that programs are coordinated and directed into the target areas of greatest need.

The California Department of Employment usually controls intake, referral, screening and placement in training or jobs for applicants, but has no authority to design and fund programs, and collects no comprehensive statistics on area or client needs. Much of the money is not spent in services to the chronically unemployed in the urban slums.

Once we see the problem in these terms, once we have updated our definitions and come to an understanding of "prosperity unemployment", we can begin to formulate a program that will meet the real need. We have done so in California—after nearly a year of exhaustive research by the legislative staffs of both political parties in the State Assembly—and two weeks ago we publicly announced a massive new program in the manpower and employment field which immediately gained the unqualified support of Republicians and Democrats alike in both houses of the California Legislature, and of Governor Ronald Reagan.

It is a program which I believe fully meets the recommendations of the President's Commission on Civil Disorders, which proposed:

". . . a comprehensive national manpower policy to meet the needs of both the unemployed and the underemployer (to include) . . . careful evaluation of the individual's vocational skills, potentials and needs; referral to one or more programs of basic education, job training and needed medical, social and other services; provision for transportation between the ghetto and outlying employment areas, and continued followup on the individual's progress until he no longer needs help."

I am a bit reluctant to describe our proposal as a program, because it is anything but another patch on an already over-patched quilt of programs. Rather, it is an attempt to focus and centralize all job training, development and placement programs administered by the state government in one place, where responsibility for their successes or their failures can be assessed. The proposal is indeed far-reaching, because if it is to be completely successful it will require precedent-breaking changes in federal statutes, and in rules and regulations of a number of federal agencies. Let me describe the proposal, embodied in Assembly Bill 1463 which I have authored at our current legislative session:

First of all, we propose to establish a new Department of Human Resources Development, independent of our State Department of Employment. This will be a *single* governmental agency where the unemployed individual can get employment services no matter what kind of servcies he needs.

Such services will include training, education, transportation, child care services, advice on applying for work—in short, whatever it takes to get that person a job.

Within our Human Resources Development agency we propose to locate a large number of state agencies which have been variously created by Executive Order of the Governor and by statute to administer federal and state programs, all of which are now either unattached to *any* central agency or are located in some other department which has proven unresponsive to the problems of "prosperity unemployment". Thus, the new department will include such diverse bodies as our State Office of Economic Opportunity, the California Commission on Aging, the State Commission on Indian Affairs, the Division of Apprenticeship Standards now within our Department of Industrial Relations, the State Service Center program, and all the functions of the Manpower Development and Training Act (MDTA) now located in our Department of Employment.

We further propose to transfer to a single "Manpower Development Fund" within the State Treasury the many diverse funding sources which now support each of these programs. The new fund will be employed by the Director of the Department of Human Resources Development, on a priority basis, to solve the problems of the chronically unemployed. It is there, of course, that we may run afoul of federal statutes prohibiting comingling of funds for the various programs. It is there that we will need your help. Specifically, the new "Manpower Development Fund" will include, in addition to the diverse state fund involved, federal funds now supporting the Manpower Development and Training Act of 1952, national apprenticeship programs now administered by our Bureau of Apprenticeship Training, American Indian Employment programs, Work incentive Programs (WIN) for welfare and potential welfare recipients pursuant to the 1967 amendments to the Social Security Act, and funds supporting Youth Opportunity Centers (YOC), now under our Department of Employment. In addition, job training and placement funds administered by the federal Office of Economic Opportunity will be placed in the fund to the extent permissible by federal law.

This centralization and de-categorization of funds will, for the first time, allow us to avoid traditional "hardening of the categories" and to develop program priorities based upon applicant *need*, rather than upon bureaucratic mandate.

We also propose to create a new kind of civil servant in California, one whose job is defined by the needs of the people he serves, not by some civil service directive. This would be the "*job agent*" who will be given the responsibility of developing a job plan for the individual enrollee and contracting for the necessary services to make his client employable, be they medical care, baby-sitting, basic education, or even a suit of clothes for a man who has never owned one. He will then see to it that the plan actually leads to a job in which his client is retained for at least 18 months. Only then would the "job agent's" task be considered successfully completed. This approach, depending as it does upon individual initiative and responsibility, would provide a personal quality that is so sadly lacking in most government programs for the disadvantaged.

Finally, we would give this new agency responsibility for coordinating all job training and placement programs in the State whether they are funded through the agency or not. This is absolutely essential if we are going to develop the jobs that the unemployed need and see to it that those in genuine need get those jobs.

The pending California legislation requires the new department to develop strict priorities for the use of its job development and placement funds and services on a geographic area basis, taking into consideration the economic deprivation of the area.

Consistent with this funding, priority will go first to unemployed heads of households, then to underemployed heads of households, to unemployed and underemployed males between the ages of 18 and 45, to unemployed females between the ages of 18 and 45, and finally to welfare and potential welfare recipients. All funds allocated for job placement and development programs must reflect the characteristics of the unemployed and the underemployed within specified economically disadvantaged areas, with particular reference to the ethnic characteristics of those areas.

This is not to say that the unemployed white father in the suburbs is not suffering too, or that government should not help him. What we do say, however, is that we are not ready or willing to help everybody, and since our resources are limited, let's use them where they will do the most good. In my State, this means helping the Negroes and Mexican-Americans in the cities, and there are fairly good, hard-headed reasons for establishing this as a top priority.

To begin with, the member of a minority who is unemployed not only has the problem of being unskilled or undereducated, but also the problem of being black or having Spanish as a first language. Quite simply, these people face the additional problem of discrimination and therefore they need additional help.

Secondly, these people live in our core cities and ghettos where unemployment is concentrated. Here, the problem has a kind of multiplier effect. The high incidence of unemployment in the ghetto affects the attitudes of the entire community. It affects children and old people. It produces an entirely different set of attitudes and a different life style.

The problem is not of waste in the sense of human resources that go unused, but waste in the sense of human resources that are forever destroyed by life in the ghetto.

Statistics clearly reveal that the present federal programs do discriminate against minorities. I am positive that this is unintentional, but it is, nonetheless, the case with many programs. The single agency approach I am proposing would allow us to guarantee non-discrimination in the provision of employment services by requiring that the minority group characteristics of those who are enrolled coincide with the characteristics of the unemployed and underemployed persons in each area of the State.

Once we have eliminated discrimination we can establish other priorities for putting welfare recipients to work: finding jobs for unemployed and underemployed males between the ages of 18 and 45: finding jobs for the undereducated: making sure that heads of households have jobs. The shocking reality is that our present structure is not designed to achieve any of these specific and perfectly logical goals.

The program upon which we have embarked in California is not a solution, by any means, but it is an approach to a solution. I believe it will work in California, and parts of it might prove useful in other states. It may well constitute a model for other states and for the federal government itself. It could provide some jobs for some people and a little hope for a few more people. But very little of this program can be attempted without the approval of the federal government.

It is not my intention to be unduly critical of the federal role. I can understand how the federal government has come to dominate in so many fields of human concern. We at the state level must have the humility to admit that it was our own neglect that forced your hand in many cases. Many states continue to show little inclination to meet their responsibilities to all their citizens.

But it seems to me that when a state shows the initiative to develop its own program, and when the goals of the state program are clearly the same as those of the federal effort, it is in the interest of the nation to put that program into effect. The creativity we *all* want for our federal system cannot be imposed from above. It must be the result of state and local and individual effort.

And I need not remind you that the effort is essential. We persist in the most brutal and expensive error that any society can make. We continue to accept poverty in our midst. We can afford almost any attempt to solve this problem, but we cannot afford to do nothing.

Gentlemen of this Subcommittee, I appreciate your invitation to discuss with you what one state is trying to do to solve the most critical problem facing our American nation today. It is a program which accepts in good faith the many general statements that we all have heard and restated in the past several

years about "creative federalism" and attempts to put that concept to work. It is a program which recognizes that true "creative federalism" is a two-way street, not a mandate imposed by one level of government upon another, but a mutual and understanding effort to find meaningful solutions to the critical problems besetting our society.

To paraphase an old Talmudic saying, it is not our duty to finish every task, but neither is it our right not to begin. This new California program marks a true beginning.

Mr. UNRUH. Mr. Chairman and members of the subcommittee, I appreciate this opportunity to discuss with you this morning an issue which I think is at the heart of the clear and present crisis of our American cities. We have today vast numbers of underprivileged Americans who are beseiged by unemployment and underemployment. Most of them in fact are black.

Senator CLARK. Let me ask you this. Isn't there also a crisis in rural California as there is in so many rural communities throughout the country?

Mr. UNRUH. Yes, there is, Senator, very decidedly so, and for a variety of reasons. However, I think the focal point today is on the cities and while we ought not to abandon the rural pockets of poverty which result in problems there, because they complicate the problems in the cities by having been abandoned, there is very little hope for these people who, totally unprepared for urban life, migrate to the cities and further complicate the problem in the cities.

Senator CLARK. I am a little bit sensitive about this because, as you know, I used to be the mayor of a good-sized city and I think it is sometimes though that I am much too urban oriented after my trip to California with the subcommittee last year looking at the migratory labor situation around Stockton, and after traveling through rural Mississippi when we conceived this bill which you are testifying on, we had very much in mind the problem of rural America.

The emergency job provisions are intended to try to create job opportunities in rural areas which should make it unnecessary for these people to migrate to the cities. They will have a way of making a decent living at home.

Mr. UNRUH. I think that is very important, Senator, and I am a product of the megalopolis myself and as a consequence I hope you will forgive me if my concern seems to be overly intensified in that direction, but I think helping the rural areas would be a great deal of help to the urban areas as well in many ways.

One of the principal reasons I am here this morning, Senator Clark, is that we feel in California that in many ways, while the intent of the Federal Government and the intent of Congress has been strongly in the direction of eradicating the problems of unemployment, and underemployment, the wild assortment of programs which have been initiated have many times intensified rather than ameliorated the problems they were designed to solve.

We think that this is particularly true in the field of manpower and employment policy. I am not trying to shift any blame to anyone for the problems of Federal-State relations. The fact is that Federal laws are passed by one group of politicians and State laws are passed by another group of politicians and neither one of us has a corner on compassion or brains.

But there are some substantial differences. For years now most of us have been speaking of Federal-State relations in the abstract, and the latest panacea seems to be something called creative federalism which somehow is going to rework our government institutions and make them effective at every level.

But as this abstract discussion continues the real problems go unsolved and the real people continue to suffer.

The Federal Government, in its concern and compassion for the problems of the unemployed in this Nation, has devised over two decades an imposing array of programs and funding sources, in most cases to be implemented by State governments and in some cases directly by local governmental agencies.

Most State governments, in a rather lethargic fashion, have accepted the Federal incentive and have imposed the programs. A few States, at least in some areas, have actually led the Federal Government, and I like to think that my State in some areas has among them, and then when the additional Federal financing has come along we have been thankful for this and have tried to integrate it with our State program.

We had, for example, in California a preschool program before the Federal Headstart program was initiated.

But my point today is that in the field of employment both levels of government have missed the mark quite badly. Today we spend about $200 million in the State of California, primarily Federal funds for employment, job training, and counseling, and we still have not reached with these programs the chronically unemployed people in the urban centers.

Senator CLARK. Let me interrupt you for a moment. Isn't it true in California that with the poverty program playing a pretty big part in our effort to utilize manpower, particularly hard-core unemployed, don't we have to consider big cities like Los Angeles and San Francisco? We find ourselves confronted with a three-pronged problem of the local as well as the State and Federal Governments.

Mr. UNRUH. I think that is true. Unfortunately, many of our cities in California, like I assume many cities throughout the rest of the Nation—I just spoke at the University of Missouri last night in Kansas City and I find that many other cities share this same problem and simply do not have the ongoing authority to do very much of anything, and that is very true in California.

The city of Los Angeles, for example, has irregular city machinery there. The mayor has almost nothing to do with the problems of health services, with the problems of employment, very little which he can do anything about in these areas, and in addition to that the city government has had very little experience in these areas.

Senator CLARK. Maybe I am taking you on a disgression which I shouldn't pursue, but in Los Angeles, and San Francisco too, when we were out there we found this dispute going on between the city government and the community action agencies; in Oakland also.

Mr. UNRUH. That is right.

Senator CLARK. They were pretty much at each other's throats. Then the Senate had forced on it the Green amendment last year, which really put the local governments on top of the heap, I do appreciate that the local governments don't have the fiscal resources to handle these employment problems, manpower problems, and therefore most of the money has to come from the Federal Government.

Yet when we begin to talk about the administrative mess in which we find ourselves, I quite agree with you it does seem to me that we have to include the local communities, including the local government and also the local community action program, in any analysis of how we are going to get out of this mess.

Mr. **Unruh**. I think that is true, Senator. I think at all levels of today's society there are great problems of unrest and where there is consistent resorting to means of protest which are outside the accepted channels of protest I think the answer to that, if there is any answer, is more involvement in a responsible and meaningful fashion by these people and on insistence that they exercise that responsibility in a responsible fashion.

Senator **Clark**. Then you get into the problem of law enforcement and I suppose primarily the city police. You also have a pretty good State police force, don't you?

Mr. **Unruh**. We have a Highway Patrol system which is largely devoted to the highway safety program.

Senator **Clark**. They wouldn't be called in on a riot like the National Guard.

Mr. **Unruh**. Yes, they have been and they are to some measure at least equipped in that broad general field. Let me, if I may, Senator, say that we feel, as I said before, that both the State and the Federal Government has many times missed the mark insofar as getting to the heart of the chronically unemployed, this stagnant pool of the unemployed which sits over here with very little drainoff.

New programs are added on top of old programs and it all winds up with a crazy quilt type of pattern and that goes for governing how the money is spent, and it is spent by dozens of agencies.

I think this fragmentation all but guarantees that the programs will not work and it seems to me that at this point the future direction of the Federal effort holds little promise of improvement.

In his manpower message the President proposed a new concentrated employment program which was largely patterned I guess after the Jobs Now which seems to have been quite successful in Chicago. But California does not have the same problems as Chicago. We have had three experiments with this program in my State, all of which were unsuccessful. Still it appears that the Federal Government may move ahead with this program in the mistaken belief that what works in one area will work everywhere.

Senator **Clark**. I think that is a very pertinent comment. I would like to stop you on that for a moment. Your testimony about the failure of the CEP coincides with the testimony of one or two other witnesses that we have had, but yesterday Secretary Wirtz, whom I hold in very high regard and I imagine you do too——

Mr. **Unruh**. Yes, sir.

Senator **Clark** (continuing). Came in here being very strongly of the view that the concentrated employment program was initially a success. He has recommended that it be extended to a number of other cities and rural areas. It is patterned after the Jobs Now program that started in Chicago.

I find myself at this point with some confusion because of the conflict in testimony. Therefore, I wish you would, Mr. Speaker, expand a little bit on your statement that the three programs in California have failed and see if you can tell us why.

Mr. Unruh. Senator, let me say that I think Secretary Wirtz concept is fine. What we have found in California is that this program, lifted pretty much from the Chicago experience, has resulted in a totally different end in California.

In Chicago, if we understand this program somewhat correctly, it was a success largely because the people who were conducting it involved people in the business community. They knew where the jobs were and there was an ongoing contact, rapport of some sort at least, between the pockets of chronically unemployed and the place where the jobs were.

When this program was lifted and started in California in three widely separated parts of the State the Federal Government provided the funding for the agencies to pay for the development of a certain number of jobs. We found that those people had contact with neither the chronically unemployed, and as a consequence were not even able to get the applicants involved in this situation, nor——

Senator Clark. So what was the experience?

Mr. Unruh. May I ask Mr. Singleton to comment on that?

Senator Clark. You know, again we found in our studies that the State employment services are pretty different too. Some of them are first class and some aren't worth the powder to blow them up. I don't know much about your California program. For many years they seemed to concentrate on finding jobs for people who were on unemployment compensation. Here more recently they have taken a broader view.

What is your experience in California when you did get in on this CEP program?

Mr. Singleton. Because there were originally very few offices of the State employment service in the ghetto areas temporary buildings were set up in the ghettos in which the State employment service and a large number of other private and public agencies cooperated to try to make the concentrated employment program work.

As it turned out, however, the job slots that were being developed by the Urban League, by the Mexican-American associations, were very difficult to fill these because the State employment service already had a stigma in these areas and many of the hard-core unemployed, the really hard-core unemployed, had given up and just weren't coming.

Senator Clark. Is this racial?

Mr. Singleton. Racial?

Senator Clark. Yes. I mean the stigma. Was the white man coming in?

Mr. Singleton. The stigma existed over a long period of time because the McCone Commission found that over a long period of time the number of applicants that were coming to the State employment service from these areas had been declining at a very rapid rate.

The stigma was, I would say, more one of just lack of success and just being tired. The Mexican Americans and the Negroes both were just sort of tired of the treatment they were getting.

Senator Clark. Therefore, had no motivation to go and look for a job.

Mr. Singleton. That was it.

Mr. Unruh. I think the experience here has been like the experience of a lot of other governmental agencies, that these people had been used to dealing with people who were involved in the mainstream of American life, with the middle class and the upper lower class.

Senator CLARK. I think blue collar workers too.

Mr. UNRUH. Right, and we don't disagree I think with the concept of the program at all. As a matter of fact we propose in essence our own version of this. We just think that there are improved ways of doing it, rather than thinking that one program that worked somewhere will work everywhere.

We think one of the things that some of the Federal agencies do, and certainly the Department of Employment is guilty of this, is to measure success in terms of a high placement rate.

Therefore, the most easily improved people, the people who least need the help, are the ones who are selected because, first of all, they are the ones that respond most readily and they are the most easily placed, and it is very normal for the people in the employment agencies to go after this sort of instant success which can only be achieved by those who are ready and able to work.

Senator CLARK. It makes the statistics look better.

Mr. UNRUH. That is right. That is very correct. But this in turn intensifies the concentration of the hard-core unemployed. We think the Federal Government as well as the States ought to be spending its money in those areas where there is the least visible sign of success.

Senator CLARK. Now, as a politician, and we are both politicians, this is a tough one because it is true, isn't it, that if you are going to go for the hard-core unemployed, get them trained, get them a job they can hold, you are going to have to spend a lot more money per capita than if you take the cream off the top of the bottle?

Therefore, people are going to come in and say, and some members of this subcommittee will be among them, "Look, you spent *X* hundred thousand dollars for *Y* number of jobs and you are spending more money on these hard-core unemployed than it costs to get an annual education at Stanford, or Harvard, or the University of California."

So as a practical politician how do you rebut that one?

Mr. UNRUH. I am not sure it is rebutable, Senator. I think that our entire structure of social institutions is on trial at this point. I think this is at the core of the problem that we face in America today, that we live in an era of radical change insofar as our physical sciences are concerned and that has had its effect upon the social institutions.

Senator CLARK. You see all these programs are in jeopardy at the moment because of the fiscal situation——

Mr. UNRUH. That is correct.

Senator CLARK (continuing). Of the Federal Government. Secretary Wirtz told us yesterday that he thought we were living—these were not his words, they are mine—in a dreamworld if we thought we could get any significant increase in the poverty programs which you and I are discussing today. Yet if we don't I shudder to think what is going to happen to America.

Mr. UNRUH. I think if we don't live in this dreamworld to some extent and make it more a reality we are going to be living in a nightmare.

Senator CLARK. Absolutely. The place I think we have to make the cut is in the military budget.

Mr. Unruh. That is correct. I really believe today, unless we can devise means and methods whereby our social institutions can respond more readily in this era of radical change, that those social institutions simply are not going to survive, and I think that presently is at the core of all the protests that we are getting on the campuses and elsewhere.

Senator Clark. You say here that——

The hard-core unemployed are among the least articulate in our society.

If the poverty program has done anything, it has made them articulate.

Mr. Unruh. That is right.

Senator Clark. This is one of the symptoms of the underlying disease and I am not at all sure it isn't a good thing.

Mr. Unruh. I concur that it is a good thing. I think we have made them more articulate. At the same time we have given them reason to hope and really haven't produced as much toward fulfilling those hopes, so if the level of expectations is higher than the level of achievement, or is about the same or maybe a tiny bit higher, the two equate a greater level of frustration.

Senator Clark. That is right. The end result is trouble.

Mr. Unruh. That is correct. I think one of the things that contributes to this, Senator, is the fact that we are still using in all too many cases measures of unemployment which were developed to deal with the kind of unemployment problems we had in the 1930's when we had what I suppose could best be called "depression unemployment."

That is the kind of unemployment which occurred right across the broad spectrum without regard to the color of the collar that you wore or whether it was among laborers or professionals.

It cut right across the entire population.

Senator Clark. We are not worried about cyclical unemployment now. The overall unemployment rate is way down. It is down more than I thought it would be 4 or 5 years ago.

We are dealing with the structural unemployment in the pockets.

Mr. Unruh. Down so far it makes Henry Wallace look like a pessimist.

Senator Clark. That is right.

Mr. Unruh. Today's problem, as you very well described it, is a totally different kind. It is "prosperity unemployment" because virtually all of it is concentrated among those who have few or no skills.

The standards that we developed to measure depression unemployment are largely irrelevant when we try to deal with today's prosperity unemployment.

Senator Clark. Absolutely.

Mr. Unruh. The unemployed don't fit the old definitions. They don't qualify for unemployment insurance. They never did. They are not even looking for work because most of the time they know the search for the job is futile.

Senator Clark. So to that extent we have considerably higher unemployment than the figures show, because they don't put anybody down as unemployed if he stops looking for work.

Mr. UNRUH. That is right, although the Department of Labor, as I am sure you are aware, did do a one-shot analysis of unemployment in these areas last year, and a very good job we thought, which gives a much truer figure as to just what this unemployment rate is.

Senator CLARK. It is pretty hard to get that incorporated in the monthly statistics that come out. It is one study and then they go back with the same old story. They show a higher rate of unemployment in the slum areas among minority groups, but then they don't count them, except that once, if people stop looking for work.

Mr. UNRUH. That is right. We strongly feel, instead of the official figure, which runs, say, in South Los Angeles about 11 percent, that if you add in the underemployment and the people who just are never counted it runs much closer to 30 percent and perhaps you have as high as 33 or 34 percent of the labor force in an area where we have about 320,000 residents subemployed.

Senator CLARK. It looked to me when I was out in Watts last year that practically nobody had jobs. In the first place there were no jobs to speak of in Watts. In the second place there was no transportation to get them to a place where they could get a job.

Mr. UNRUH. That is absolutely correct, Senator. This applies pretty much all over areas I suppose in the rest of the United States as well as California. In the Mission Fillmore area of San Francisco the official unemployment rate is again about 11 percent, but the actual subemployment figure stands at 25 percent.

In Oakland the comparable figure would probably be 30 percent compared to the official Department of Labor statistics of 13 percent. In California today these figures add up to 400,000 unemployed persons.

These large concentrations of disadvantaged families living in extreme poverty and frustration constitute, I think without any question of a doubt, the single most serious problem in California today.

Senator CLARK. That is absolutely true in Pennsylvania; I can assure you.

Mr. UNRUH. It is compounded by the fact that over 80 percent of the people living in these areas in California are nonwhite.

Senator CLARK. You say nonwhite. You obviously are not including the Mexican-Americans; are you?

Mr. UNRUH. I am probably technically incorrect.

Senator CLARK. Yes. Let's call them minority groups.

Mr. UNRUH. Mr. Singleton says they are beige. In response to this problem today the Federal Government has tried very hard to respond. There are about 20 different Federal-initiated and funded programs which combined constitute the largest single resource available for solving this problem.

In addition, the Government is considering, and this subcommittee has before it, additional new programs which I suppose are proposed to be layered on top of the old programs.

Senator CLARK. Only because we don't know how else to do it. Maybe you will tell us.

Mr. UNRUH. Well, we are going to try, Senator; and I don't wish to be presumptuous but perhaps between us we can explore it. Since 1961 the total Federal and State expenditures for such programs have increased tenfold. The problem still persists and probably at the same or even higher level.

This is, we think, largely because agency services and program functions are fragmented and uncoordinated. One recruits, one orients, one tests, one teaches, and one hopefully places, and the odds that a person will drop out or be rejected at ane of these transfer points are extremely high.

It is in fact a design for discouragement.

Senator **Clark**. That is a very good phrase. I would like to congratulate you. It is a design for discouragement. It it just as if you had a pinball machine; you pull it back and there goes the ball. It bounces off here and about.

Mr. **Unruh**. The end.

Senator **Clark**. Yet it comes back and doesn't get anywhere.

Mr. **Unruh**. Mr. Singleton in his days has found people who are actually going through training the third or fourth time without ever having had a job in the meantime. Sometimes they get all the way through and sometimes they get stopped at one of these boxes and get rerouted through again and it is little wonder that these people are easily discouraged.

Having some experience myself at both State and Federal agencies I can tell you it is discouraging to those of us who are educated and relatively sophisticated, much less these people who are unprepared to cope with almost anything.

It is often impossible to fit the various services provided by government agencies into the multiple needs of individual disadvantaged persons because, although there are over 20 different agencies, there is no system.

Senator **Clark**. Not even any plan.

Mr. **Unruh**. That is correct. Each agency generally provides one or two needed services and can benefit only those who already possess basic education and other financial or social resources.

The $57 million annual vocational education expenditure in California for classes in high schools or junior colleges is largely of this type. And other joint Federal-State administered programs, costing approximately $56 million, also tend to supply only one or two kinds of services and thus serve the least disadvantaged people.

Even the MDTA institutional and on-the-job training programs, probably to this point the most effective of this type, currently contain less than 50 percent nonwhite persons, and there are indications that even lower minority percentages actually complete such training.

It also appears that the total MDTA operation is unable to substantiate more than 50-percent placement success for their total group of enrollees.

Senator **Clark**. We still don't have any statistics about how long they stay once they get a job.

Mr. **Unruh**. That is correct.

Senator **Clark**. I suspect that would be a little bit discouraging. I hope I am wrong.

Mr. **Unruh**. I am sure it would be. That is one of the integral parts of our plan which I will talk about a little later on. The agencies are unable to coordinate services for individual clients and because of various constraints they cannot secure the necessary cooperation from relevant

Government agencies or local employers, and the disadvantaged are left to drift in this maze of governmental agencies.

Most of the $90 million worth of programs directly administered by the Federal Government fail, we think largely for this reason.

Senator CLARK. That is a California figure, is it?

Mr. UNRUH. Yes, it is. There is no fixed point of responsibility at the delivery end of the system to guarantee that every person entering will be supplied with the various supports or training he needs from the time he enters the system until he is securely placed in a job.

Nobody is responsible for that. Each one has a little piece of the action. A client has to apply at a different agency or a different person to secure any one of the following typically needed services: Intake, counseling, referral, testing, basic or compensatory education, living allowances, legal aid, health care, child care, transportation, vocational training, final placement services, and the followup supports that are generally needed.

Senator CLARK. Yesterday Secretary Wirtz indicated that he thought this new JOBS program would help overcome this. He says it should. Would you have any comment on that?

Mr. UNRUH. Well, I don't have a comment in depth. I think it depends on how tightly that responsibility is fixed.

Senator CLARK. I think Mr. Singleton has a comment he might make on that. I saw him looking your way.

Mr. SINGLETON. I think that the employers who will be participating in the JOBS program will want to do this. They will want to perhaps contract out those services which they themselves can't provide.

However, it has been my experience with many of these employers that they really don't know the depth of the problems that these people have and the $3,500 or thereabouts average that each employer is going to get is going to cause the same creaming process that has happened in the past.

They are going to look for the least disadvantaged which will cost them something less than $3,500 per person and the more disadvantaged person who will cost them something more than $3,500 they are going to try to steer away from.

Senator CLARK. In addition to that the JOBS program is really too small to make a very big impact.

Mr. SINGLETON. That is the other big problem.

Senator CLARK. Thank you, sir.

Mr. UNRUH. I don't think it is necessary to illustrate this fragmentation further, Senator, but I think, once we begin to see the problem in these terms, once we have updated our definitions, and come to an understanding of this prosperity unemployment, that we can begin to formulate a program that will meet the real need.

We think we are beginning to do so in California and that is the reason we are here today to ask for your help. This is not a hasty program which we devised. The timing on it to some extent is a little bit unfortunate because the major plans were revealed immediately after the Martin Luther King assassination. It is unfortunate that we had not had it out before because it looks like another illustration of crisis politics, which I think is highly damaging to our system and offers little hope for the future.

We have had rather broad-scale staff research by the legislative staffs of both political parties in the State assembly. May I add a little bit of a chamber of commerce plug here for our California assembly.

We have I think the most extensively staffed operation of any legislative body in the Nation, including the extension of staff, a rather quantitative as well as qualitative staff, to our minority party. We find this makes possible to have a meaningful dialog with them rather than a two-sided monolog.

Senator **Clark**. It is still in question as to which party is the minority party in California.

Mr. **Unruh**. The right one, Senator. We have a 42–38 Democratic majority in the assembly and our Senate is split 20–20 between the two parties.

Two weeks ago we publicly announced a massive new program in the manpower and employment field which has the unqualified support of Republicans and Democrats in both houses of the legislature, and I might add of both our Lieutenant Governor and our Governor, and I think you will have to concede that a program which has the support of both myself and the Governor and the Lieutenant Governor and the Republican and Democratic leadership is either a very impressive program or totally worthless.

Senator **Clark**. I think that is a fair statement.

Mr. **Unruh**. I think this is a program which fully meets the recommendations of the President's Commission on Civil Disorders which I would like to quote from just very quickly.

It says, and I do quote:

"* * * a comprehensive national manpower policy to meet the needs of both the unemployed and the underemployed (to include) * * * careful evaluation of the individual's vocational skills, potentials and needs; referral to one or more programs of basic education, job training and needed medical, social, and other services; provision for transportation between the ghetto and outlying employment areas, and continued followup on the individual's progress until he no longer needs help."

I am a little reluctant to describe our proposal as a program because it is anything but another patch on an already overpatched quilt of programs. What we have attempted to do is to focus and centralize all job training, development and placement programs administered by the State government in one place, where responsibility for their successes or their failures can be placed and assessed.

The proposal is indeed far-reaching because if it is to be completely successful it will require precedent-breaking changes in Federal statutes and in rules and regulations of a number of Federal agencies.

Let me just very quickly describe the principal proposals in assembly bill 1463 which I have authorized with impressive bipartisan support.

Senator **Clark**. Mr. Speaker, would you leave with us a copy of that bill so the staff can study it?

Mr. **Unruh**. Yes, we will, Senator.

Senator **Clark**. And I will have it printed in the record at this point in the Speaker's remarks.

(The California State Legislature bill referred to follows:)

AMENDED IN ASSEMBLY MAY 16, 1968

AMENDED IN ASSEMBLY APRIL 30, 1968

CALIFORNIA LEGISLATURE—1968 REGULAR SESSION

ASSEMBLY BILL No. 1463

Introduced by Assemblymen Unruh, Monagan, Ralph, Veneman, and Campbell

April 5, 1968

REFERRED TO COMMITTEE ON GOVERNMENT ORGANIZATION

An act to amend Sections 8110 ~~*and 11555*~~, 11555, AND 12803 OF, AND TO ADD CHAPTER 7 (COMMENCING WITH SECTION 4500) TO DIVISION 5 OF TITLE 1 *of the Government Code to add Sections 3097 and 3098 to, and to add Division 7 (commencing with Section 9000) to, the Labor Code,* ~~*to add Section 1274 to the Unemployment Insurance Code,*~~ *and to amend Sections 18300, 18303, and 18305 of the Welfare and Institutions Code, relating to job training and placement.*

LEGISLATIVE COUNSEL'S DIGEST

AB 1463, as amended, Unruh (G.O.). Job training and placement.

Amends, adds various secs., divs., *chs.*, Gov.C., Lab.C., ~~U.I.C.,~~ W. & I.C.

Enacts Human Resources Development Act of 1968, establishing the Department of Human Resources *in the Health and Welfare Agency* administered by a director appointed by the Governor and prescribing his powers and duties.

Transfers and consolidates various state and federal programs and funds relating to job training and other employment related services under the department.

Creates the Job Training and Placement Services Advisory Board in the department consisting of 13 members and prescribes its duties.

Establishes the Manpower ~~Investment~~ *Development* Fund in the State Treasury.

Transfers certain State Department of Employment program functions and funds incident thereto on July 1, 1969.

To take effect only upon enactment of A.B. 109 at the 1968 session of the Legislature.

Vote—Majority; Appropriation—No; Fiscal Committee—Yes.

The people of the State of California do enact as follows:

SECTION 1. Section 8110 of the Government Code is amended to read:

8110. There is in the Department of Human Resources Development a State Advisory Committee on Indian Affairs.

SEC. 2. Section 11555 of the Government Code is amended to read:

11555. An annual salary of twenty-three thousand five hundred dollars ($23,500) shall be paid to each of the following:

(a) Director of Agriculture.

(b) Director of Corrections.

(c) Director of Industrial Relations.

(d) Director of Motor Vehicles.

(e) Director of Youth Authority.

(f) Director of General Services.

(g) Director of the Department of Human Resources Development.

SEC. 2.5. Section 12803 of the Government Code is amended to read:

12803. The Health and Welfare Agency consists of ~~the Citizens' Advisory Committee on Aging,~~ the Office of Atomic Energy Development and Radiation Protection and the following departments: Social Welfare; Mental Hygiene; Rehabilitation; ~~and~~ Public Health *; Human Resources Development; Employment; and Industrial Relations*.

SEC. 2.7. Chapter 7 (commencing with Section 4500) is added to Division 5 of Title 1 of the Government Code, to read:

CHAPTER 7. PREFERENCE IN THE AWARDING OF STATE CONTRACTS

4500. Preference in the awarding of contracts by the state shall be given to persons and firms that use employees trained under the provisions of Division 7 (commencing with Section 9000) of the Labor Code, provided that the bids of such persons or firms, or the prices quoted by them, do not exceed by more than 5 percent the lowest bids or prices quoted by other persons or firms.

SEC. 3. Section 3097 is added to the Labor Code, to read:

3097. As used in this chapter "Director of Industrial Relations" means the Director of the Department of Human Resources Development.

SEC. 4. Section 3098 is added to the Labor Code, to read:

3098. As used in this chapter "Division of Apprenticeship Standards" and "Department of Industrial Relations" means the Department of Human Resources Development.

SEC. 5. Division 7 (commencing with Section 9000) is added to the Labor Code, to read:

DIVISION 7. HUMAN RESOURCES DEVELOPMENT ACT OF 1968

PART 1. GENERAL PROVISIONS AND DEFINITIONS

CHAPTER 1. GENERAL PROVISIONS

9000. This part shall be known and may be cited as the Human Resources Development Act of 1968.

9001. The Legislature hereby finds and declares that it is essential to the health and welfare of the people of this state that action be taken by the state and federal governments to effectively utilize federal and state funds for job training and other employment-related services. To achieve this, it is necessary that:

(a) Explicit priorities be established for the allocation of these funds to ensure that they are first used to assist those in greatest need for job training and placement services;

(b) Definitive goals be established for the total system of job training and placement services to maximize the effectiveness of the system in assisting individuals to find and maintain gainful, competitive employment; and

(c) Efforts be made to enlist the full support of private industry in securing jobs for enrollees of training programs, and a closer more integrated and coordinated effort be established with the federal government as well as state and local public and private agencies involved in performing job training and placement services.

It is hereby declared to the the intent of the Legislature to concentrate the funds available for job training and placement services in one state fund administered by an accountable state agency whose functions shall be subject to periodic review by the Legislature and to which is assigned the responsibility for the efficient administration of job training and placement services in this state and the allocation of these funds to the end that such funds will be more effectively utilized and will be directed primarily to those areas of the state with the largest concentrations of chronically unemployed persons.

It is the further intent of the Legislature (a) to maintain policy control over all training and placement programs operating within the State of California to the maximum extent feasible, consistent with effective program operations, (b) to organize the multitude of existing training programs now operating in the state into a closely coordinated system designed to remove employable persons from public dependency, and to enlist the full support of private industry in securing jobs for enrollees, and (c) to use funds for job training and placement services in a flexible manner to provide needed services for individuals through contractual arrangements with public and private agencies.

9002. The Administrator of the Health and Welfare Agency shall coordinate all job training, placement, and related programs, conducted by state agencies, with the federal government and ensure that there is no duplication of such programs among state agencies and that all agreements, contracts, plans or programs conform to the provisions of this division. *Any plan proposed to be submitted by any such agency to the federal government in relation to a job training, placement, or related program, shall first be submitted to the Administrator of the Health and Welfare Agency for his approval.*

~~9003. Preference in the awarding of contracts by the state shall be given to persons and firms that use employees trained under the provisions of this division, provided that the bids of such persons or firms, or the prices quoted by them, do not exceed by more than 5 percent the lowest bids or prices quoted by other persons or firms.~~

CHAPTER 2. DEFINITIONS

9100. Unless the context otherwise requires, the definitions in this ~~article~~ *chapter* govern the construction of this division.

9101. "Department" means the Department of Human Resources Development.

9102. "Director" means the Director of the Department of Human Resources Development.

9103. "State agency" means those agencies enumerated in Section 11000 of the Government Code.

9104. "Board" means the Job Training and Placement Services Advisory Board.

9105. "Job training and placement services" means any job training, placement, or related services administered or supervised by the department or any agency within the Health and Welfare Agency, or provided under contract with the department, directly calculated to increase employability of the individual.

9106. "Unemployed person" means a person who lacks a bona fide employment, suffers economic deprivation because of lack of employment, and is employable or capable of being made employable through the services available under this division.

9107. "Underemployed person" means a person who has a bona fide employment but whose employment, be it full time, or part time, or intermittent, is insufficient to provide an income adequate to avoid economic deprivation.

9108. "Economic deprivation" means ~~family~~ income insufficient to enable the family *or individual* to meet the following standard, *as determined by the director* :

Cost of the Low Cost Food Plan of the United States Department of Agriculture for the Western Region of the United

States, as set forth in the publication of such department, entitled "Family Economics Review," adjusted for family size, multiplied by three.

9109. "Economically disadvantaged area" means an area composed of contiguous census tracts within urbanized areas, as defined by the 1960 census, wherein 20 percent of the families report annual income less than three thousand dollars ($3,000) according to the 1960 census, or comparable areas which because of technical factors, cannot be isolated by census tracts. Such areas shall have a population of not less than ~~100,000~~ *50,000*. The definition set forth in this section shall be reviewed following each federal decennial census, and the director shall recommend necessary changes to the Legislature and the Governor.

9110. "Eligible person" means an unemployed person or underemployed person who meets the qualifications set forth in Section 10500.

9111. "Fund" means the Manpower Development Fund.

PART 2. THE DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT

CHAPTER 1. ADMINISTRATION

9500. There is in the ~~state government~~ *Health and Welfare Agency* the Department of Human Resources Development.

9501. The department is under the control of an executive officer known as the Director of the Department of Human Resources Development.

9502. The director is appointed by and holds office at the pleasure of the Governor. The annual salary of the director is provided for by Chapter 6 (commencing with Section 11550) of Part 1 of Division 3 of Title 2 of the Government Code.

9503. The director shall perform all duties, exercise all powers and jurisdiction, assume and discharge all responsibilities, and carry out and effect all purposes vested by law in the department.

9504. For the purpose of administration, the director shall organize the department with the approval of the Governor in the manner that he deems necessary properly to segregate and conduct the work of the department, and may establish such area offices ~~in economically disadvantaged areas~~ as are appropriate for the administration of this division, *which area offices shall be established to the fullest extent possible in economically disadvantaged areas*. He may consolidate and reorganize divisions and agencies transferred to the department.

CHAPTER 2. POWERS AND DUTIES

9600. (a) The department shall represent the state in dealing with the federal government regarding the kinds and quality of job training, placement and related programs contained in the statewide plan described in subdivision (b), which are administered by or in the State of California pursuant to this division.

(b) The department shall develop a statewide plan and area plans to coordinate all programs pursuant to this division and shall present such plans annually to the Legislature. *Such plans shall include, but not be limited to, the review required in Section 9608.*

9601. The department may enter into any contractual agreements with public agencies, *community action agencies,* private organizations and individuals which are necessary to carry out the purposes of this division.

9602. The department shall be administered by the director.

9603. The director shall designate economically disadvantaged areas. These areas shall be priority areas for services provided under this division. ~~All~~ *To the fullest extent possible,* area offices shall be established within the boundaries of the disadvantaged areas designated by the director.

9604. The director shall employ and supervise necessary personnel including a staff of job agents sufficient to provide direct services to all persons enrolled in the job training and placement program in each economically disadvantaged area. Consistent with the requirements of civil service, the director shall give priority to the selection of job agents in accordance with ~~Section 9606~~ *subdivision (d) of Section 9609*.

9605. The employees of the department shall be subject to the State Civil Service Act, except for the director, one person holding a confidential position to the director, and the exempt appointees of the California Commission on Aging and the State Advisory Commission on Indian Affairs.

9606. The director shall be the appointing power for all officers and employees of the department except for exempt appointees of the California Commission on Aging and the State Advisory Commission on Indian Affairs. ~~Personnel of other state departments assigned to state service centers shall remain appointees of their respective directors.~~

9607. The director shall advise the Governor of his responsibilities under United States Public Law 88-452, known as the Economic Opportunity Act of 1964.

9608. The director shall establish and supervise an administrative information and evaluation review which shall provide complete files on all persons served under this division including, but not limited to, the following information:

(a) The number and characteristics of persons served;

(b) The services received by all persons served;

(c) The amount of funds expended on each person;

(d) The results of services in each case;

(e) Performance records of each job agent employed in each area office, consisting of information on the number of training and employment plans successfully completed by the job agent each year;

(f) The availability of jobs for eligible persons served by each area office;

(g) Information about the kinds and qualities of jobs created under provisions of this division, including salaries and wages paid;

(h) Information on the number of trainees in the program and the number of jobs estimated to be available in the area served by each office;

(i) Evaluate performance of job training and placement programs under contract with the department;

(j) A yearly analysis of the characteristics of the unemployed and underemployed persons in each economically disadvantaged area. Beginning with 1969, the director shall utilize United States Bureau of Labor Statistics special surveys of subemployment in urban centers whenever possible.

The director shall, to the extent feasible, utilize information compiled by the Department of Employment and Department of Industrial Relations.

9609. The department shall:

(a) Be the sole state agency to approve and coordinate publicly funded training and placement programs with private employers and shall not approve any program which is inconsistent with the plans developed under Section 9600 and other provisions of this division;

(b) Appoint an advisory committee of representatives of employers and employer organizations to enlist the advice and support of private industry in developing a statewide system for making jobs available to job trainees following successful completion of training programs;

(c) Develop controls to insure that training programs of the department meet existing labor market needs as viewed by employers and study training and personnel selection methods used successfully by private industry;

(d) Encourage placement of the eligible persons in public employment with the assistance of an advisory group representing state and local officials and representatives of economically disadvantaged areas;

(e) Certify the need for specific new public employment opportunities;

(f) Determine the kinds and quality of training programs necessary to provide placement in public employment or eligible persons and develop means to realign job tasks to develop greater employment opportunities for eligible persons;

(g) Cooperate with the Personnel Board and local personnel officials to eliminate unnecessary barriers to the placement of eligible persons in public employment and to carry out the purposes of this division.

The State Personnel Board and other state and local agencies shall cooperate to the maximum extent feasible to achieve the purposes of this division.

9610. The director may enter into contracts for public and private training and employment programs as may be required, and shall maintain quarterly projections of manpower needs in the public and private sector in each area.

9611. The department shall include the State Office of Economic Opportunity, the California Commission on Aging, the State Advisory Commission on Indian Affairs, the Division of Apprenticeship Standards, the State Service Center Program and the functions of the Department of Employment pursuant to the Federal Manpower Development and Training Act.

9612. The department succeeds to and has all of the duties, powers, purposes, responsibilities and jurisdiction vested in the State Office of Economic Opportunity established in the Governor's office by executive order in September 1964, in the State Service Center Program authorized by the 1966 Second Extraordinary Session of the Legislature and established in the Governor's office by Executive Order 60-11, July 1966, in the State Advisory Commission on Indian Affairs pursuant to Chapter 2.5 (commencing with Section 8110) of Division 1 of Title 2 of the Government Code, in the Health and Welfare Agency under the provisions of Chapter 5 (commencing with Section 18300) of Part 6 of Division 9 of the Welfare and Institutions Code, in the Departement of Employment ~~under the~~ *for* ~~provisions of Article 1.5 (commencing with Section 1266) of Chapter 5 of Part 1 of Division 1 of the Unemployment Insurance Code and Youth Opportunity Centers and their functions~~ *Youth Opportunity Centers and the department's functions* pursuant to the Federal Manpower Development and Training Act, and in the Department of Industrial Relations and the Division of Apprenticeship Standards under the provisions of Chapter 4 (commencing with Section 3070) of Division 3 of the Labor Code.

9613. The department shall:

(a) Conduct and administer the ~~California Master~~ *Master California* Migrant Plan.

(b) Provide technical assistance to local agencies which operate community action programs of an antipoverty nature.

(c) Coordinate antipoverty efforts throughout the state to avoid duplication, improve delivery of services, and relate programs to one another.

(d) Maintain liaison with the Federal Office of Economic Opportunity, county and city commissions on economic opportunity, citizens' groups and all other governmental agencies engaged in economic opportunity programs.

(e) Collect and assemble pertinent information and data available from other agencies of the state and federal governments and disseminate information in the interest of economic opportunity programs in the state by publication, advertisement, conference, workshops, programs, lectures, and other means.

(f) Plan and evaluate long- and short-range strategies for overcoming poverty in the state.

(g) Mobilize public and private resources in support of antipoverty programs.

(h) Encourage participation by residents of poor communities in the development and operation of community action programs for their betterment.

9614. Such personnel, as determined by the director, transferred to the department under this division may function, in whole or in part, as job agents.

9615. The director is hereby designated as the Chairman of the Cooperative Area Manpower System established under the Federal Economic Opportunity Act.

CHAPTER 3. JOB AGENTS

9700. Job agents shall be selected for their ability to understand and work with persons to be served in the program pursuant to Section 9703.

9701. The State Personnel Board shall prepare special examinations for job agents in accordance with criteria established by the department pursuant to Section 9700. The position of job agent shall be considered one involving unusual conditions of work within the meaning of Section 18852 of the Government Code, and the director shall recommend to the State Personnel Board that the method of compensating job agents be based on their ability to successfully complete training and employment plans *for eligible persons* under this division.

9702. The director shall conduct training programs for job agents and shall provide job agents with any information necessary to carry out the provisions of this division. Such programs shall be developed in consultation with the board.

9703. The job agent shall provide each eligible person with such training, placement and related services necessary to his employability on an individualized basis by means of the following:

(a) The development of a training and employment plan for each individual served;

(b) Contracting with public and private agencies and individuals to secure the training and related services required by each individual eligible person; such contracts shall be subject to the approval of the director;

(c) A continuing review and evaluation of each individual's progress up to and including placement and retention in employment for at least 18 months;

(d) A postemployment followup at intervals to be determined by the director;

(e) Assistance in overcoming obstacles which threaten to deter the progress of the eligible person through the various programs.

9704. The training and employment plan for each eligible person assigned to a job agent shall be considered successfully completed when the goal specified in the eligible person's plan has been achieved. The goal in each plan shall be related to the employment potential of the eligible person served. No plan shall be considered successfully achieved until the person has maintained employment for at least 18 months.

PART 3. JOB TRAINING AND PLACEMENT SERVICES ADVISORY BOARD

Chapter 1. Organization

10000. There is hereby created in the Department of Human Resources Development the Job Training and Placement Services Advisory Board.

10001. The board shall consist of the following members:

(a) Seven members appointed by the Governor with the advice and consent of the Senate. One member shall be a public member, one member shall be from the field of labor, one member shall be from the field of higher education, one member shall be from the business community and three members shall be persons residing in economically disadvantaged areas and who have demonstrated leadership in providing for the needs and interests of the poor.

(b) Four members appointed by the Legislature. One member shall be a public member, one member shall be from the field of labor, one member shall be from the field of higher education, and one member shall be from the business community, to be appointed two by the Speaker of the Assembly and two by the Senate Rules Committee.

(c) The Committee on Rules of the Senate shall appoint one Member of the Senate and the Speaker of the Assembly shall appoint one Member of the Assembly. The Member of the Senate and the Member of the Assembly so appointed shall meet with the board and participate in its activities to the extent that such participation is not incompatible with their positions as Members of the Legislature. For the purposes of this division, the Members of the Legislature shall constitute a joint interim legislative committee on the subject of this division and as such shall have the powers and duties imposed upon such a committee by the Joint Rules of the Senate and Assembly.

10002. The members of the board shall serve at the pleasure of their respective appointing powers.

10003. The members of the board shall serve without compensation, except that each member shall be paid a per diem of twenty-five dollars ($25) for each day's attendance at a meeting of the board, not to exceed six days in any month. The members of the board shall also receive their actual and necessary traveling expenses incurred in the course of their duties.

10004. The Governor shall select the board's chairman from among its nonlegislative members.

CHAPTER 2. POWERS OF THE BOARD

10100. The members of the board shall meet at least six times annually at times determined by resolution of the board, except that special meetings may be called by the chairman.

10101. A majority of the members of the board shall constitute a quorum for the performance of any duty or exercise of any power of the board.

10102. All meetings of the board shall be open and public.

10103. The board shall:

(a) Study the statewide problems of job training and placement and submit annual reports to the director, the Governor and the Legislature, with suggestions and recommendations for administrative, executive, and legislative action.

(b) Advise the director on all matters referred by him to the board for recommendation.

(c) Review progress reports on the program, which shall be presented to the Governor at least once every four months.

PART 4. PROGRAMS

CHAPTER 1. ELIGIBILITY

10500. (a) Job training and placement funds and services ~~shall be allocated in such a way that the programs carried out under this division shall be consistent with the 1967 amendments to the Social Security Act.~~

~~(b) At least 85 percent of the funds remaining after carrying out the purposes of subdivision (a) shall be allocated to~~ *shall be allocated to* serve eligible persons in economically disadvantaged areas in such a way as to prevent discrimination by serving persons whose minority group characteristics coincide to the fullest extent possible with the minority group characteristics of the unemployed and underemployed in each economically disadvantaged area.

~~(c) Consistent with subdivisions (a) and (b) of this section money~~

Money shall be allocated according to the following priority:

(1) Unemployed heads of households;

(2) Underemployed heads of households;

(3) Other unemployed and underemployed males between 18 and 45 years of age;

(4) Other unemployed and underemployed females between 18 and 45 years of age.

(b) Job training and placement funds and services shall be allocated for public assistance recipients and potential public assistance recipients in a manner consistent with the provisions of Title IV of the Social Security Act relating to Work Incentive Programs (Public Law 90-248).

Funds appropriated for the provision of services under Chapter 4 (commencing with Section 3070) of Division 3 of this code shall continue to be used for such purpose.

PART 5. FISCAL PROVISIONS

CHAPTER 1. MANPOWER DEVELOPMENT FUND

11000. There is in the State Treasury a Manpower Development Fund.

11001. Except as provided in Section 11004, all federal funds heretofore or hereafter paid or granted to the state or any state agency pursuant to any agreement, contract, plan or program authorized under any federal law enumerated in Section 11002 and all state funds enumerated in Section 11003 shall be deposited in the fund.

11002. Except as provided in Section 11004, funds paid or granted to the state or any state agency or shared with the state or any state agency pursuant to any agreement, contract, plan or program authorized under the following federal laws shall be deposited in the fund:

(a) Manpower Development and Training Act of 1962, as amended (P.L. 87-415, 87-729, 88-214, 89-15, 89-792, 89-794).

~~(b) Title IV of the Social Security Act as last amended (P.L. 90-248).~~

~~(c)~~

(b) Apprenticeship programs under Public Law 75-308;

~~(d)~~

(c) American Indian Employment Programs under Public Laws 67-85 and ~~84-969~~ *84-959* ;

~~(e)~~

(d) Work Incentive Programs under Public Law 90-248;

~~(f)~~

(e) Youth Opportunity Centers under Title 111 of the Social Security Act as last amended.

Funds made available by the federal government under any of the acts described in this section for Indians or migrant workers shall be used to provide services for such persons.

11003. Notwithstanding any other provision of law and except as provided in Section 11004, funds appropriated under the following state laws or for the following purposes shall be deposited in the fund:

(a) Apprenticeship and other on the job training benefits under Chapter 4 (commencing with Section 3070) of Division 3 of this code;

~~(b) Adult Basic Education benefits under Sections 101, 105, 151, 152, 153, 252, 254, 255, 352, 5552, 6302, and 18601 of~~

(b) Adult basic education benefits under Section 551 of the Education Code;

(c) Youth opportunity centers under ~~Sections 2054 and 2058 of~~ the Unemployment Insurance Code.

(d) Funds appropriated for the support of personnel in state service centers.

11004. Any funds enumerated in Sections 11002 and 11003 which the director determines are necessary to provide training or placement services for individuals enrolled prior to the effective date of this division under any agreement, contract, plan or program in effect prior to such date shall not be deposited in the fund.

11005. Funds for job training and placement programs administered by the Federal Office of Economic Opportunity shall be deposited in the fund in accordance with Sections 115, 213, 231, 241, and 635 of the Federal Economic Opportunity Act of 1967.

11006. The director shall make every effort to secure to the fullest extent possible federal funds available for participation under this division.

11007. The Administrator of the Health and Welfare Agency shall submit a program budget annually to the Legislature, including not only expenditures proposed to be made under this division, but also expenditures proposed to be made under any related program designed to provide services incidental to the training and placement functions to which this division relates.

~~Sec. 6. Section 1274 is added to the Unemployment Insurance Code, to read:~~

~~1274. As used in this article "department" means Department of Human Resources Development and "director" means Director of the Department of Human Resources Development.~~

~~Sec. 7.~~

SEC. 6. Section 18300 of the Welfare and Institutions Code is amended to read:

18300. There is in the Department of Human Resources Development, to advise the Governor on the needs and problems of the senior citizens of California, the California Commission on Aging. The commission shall be composed of eight persons appointed by the Governor, subject to confirmation by the Senate, and selected on the basis of their demonstrated interest in the health, welfare, and happiness and the maintaining of adequate living standards for senior citizens in this state. The commission shall be advisory in character and shall not be delegated any administrative authority or responsibility beyond what is stated in this chapter. The Governor shall designate the chairman and vice chairman of the commission and commission members shall serve at the pleasure of the Governor. Commission members shall serve without compensation, but shall be reimbursed for any actual and necessary expenses incurred in connection with the performance of their duties under this chapter.

~~Sec. 8~~

SEC. 7. Section 18303 of the Welfare and Institutions Code is amended to read:

18303. The commission shall prepare and render annually a written report of its activities and its recommendations to the Governor, through the Director of the Department of Human Resources Development, for improvements and additions to the existing efforts of state government on behalf of the senior citizens of California and to the ways the State of California could encourage and promote programs and services by local communities on behalf of their senior citizens.

~~Sec. 9~~

SEC. 8. Section 18305 of the Welfare and Institutions Code is amended to read:

18305. The commission, with the approval of the Department of Human Resources Development, may be designated as the state agency for supervision of all programs of the federal government relating to the aging which are not the specific responsibility of another state department under the provisions of federal law or which have not been specifically entrusted to another state department by the Legislature.

~~Sec. 10~~

SEC. 9. This act shall become operative on ~~January 1, 1969~~ *its effective date*, except for those provisions providing for the transfer of functions from the State Department of Employment to the State Department of Human Resources Development, and funds incident to those functions, which transfer shall take place on July 1, 1969.

The Director of the Department of Human Resources Development, immediately after his appointment, shall appoint such assistants as are necessary to plan and provide for the orderly assumption of those functions transferred to the department from the Department of Employment under this act. The Department of Employment and the Director of the Department of Human Resources Development shall make all arrangements necessary to assure the effectuation of such transfers in an orderly manner and with no disruption of functions.

~~Sec. 11~~

SEC. 10. If any provision of this act or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to this end the provisions of this act are severable.

SEC. 11. There shall be transferred to the Department of Human Resources Development all persons employed in any agency in exercising the powers of such agency which are transferred to the department by this act. Any person in the state civil service so transferred shall retain his respective position and status subject to the State Civil Service Act and other applicable provisions of law.

SEC. 12. Nothing in this act shall be construed to terminate programs carried on under the provisions of Chapter 4 (commencing with Section 3070) of Division 3 of this code, provided that such programs are carried out in conformity with law.

SEC. 13. This act shall not take effect unless Assembly Bill No. 109 is also enacted by the Legislature at its 1968 Regular Session.

Mr. **Unruh**. First of all, we propose to establish a new department of human resources development, independent of our State department of employment. This will be a single governmental agency where the unemployed individual can get employment services of all kinds no matter what kind he needs.

Such services will include training, education, transportation, child care services; in short, just about everything it takes to get that person on a job.

Within this human resources development agency we propose to locate a large number of State agencies which have been variously created by executive order of the Governor or by statute to administer Federal and State programs, all of which are now either unattached to any central agency or are located in some other department which has proven largely unresponsive to the problems of prosperity unemployment.

Thus, the new department will include such diverse bodies as our State Office of Economic Opportunity, the California Commission on Aging, the State Commission on Indian Affairs, Division of Apprenticeship Standards, which is now within the Department of Industrial Relations, the State service center program.

Senator **Clark**. What is that?

Mr. **Unruh**. That is a program devised under the administration of Governor Brown which attempted to bring together in the neighborhood area representatives from all the various State agencies that deal with the problems of the people in these areas so that they could go to one center.

Senator **Clark**. Including the welfare program.

Mr. **Unruh**. Yes, including the welfare program, and all of the functions of the MDTA now located in our department of employment.

We further propose to transfer to a single "manpower development fund" within the State treasury the many diverse funding sources which now support each of these programs.

This new fund will be employed by the director of the department of human resources on a priority basis to solve the problems of the chronically unemployed. It is there, of course, that we run afoul of Federal statutes prohibiting commingling of funds for the various programs.

And it is there that we will need your help.

Senator **Clark**. Let me interrupt to ask you whether you have taken this up with either the Secretary of Labor, or the Secretary of HEW, or the Office of Economic Opportunity, or for that matter your two U.S. Senators from California. We are going to need a consensus from the executive and the legislative levels to get this job done.

Mr. **Unruh**. May I ask Mr. Singleton to comment on this, because he has had negotiations and contacts with a great many people in this area.

Mr. **Singleton**. In thinking about this problem and in thinking about when we should make the official contact with the agencies involved, we thought it might be a better idea to have California go on record as having passed this legislation first and give the agencies the option of turning down the people of California as opposed to a few people who would with what might be considered a small idea.

Senator CLARK. I would suggest, but defer to your judgment, that as experienced an administrator as your speaker is, would at least have some preliminary talks with the various individuals who have to be persuaded about this.

I might point out to you, for example, that Senator Murphy is a member of the subcommittee. His support would really be essential.

Mr. UNRUH. Senator, we intend to do that and this is a preliminary beginning in that direction. We personally feel that, and this is one of the reasons for our California legislative office here, that all too much contact between the Federal Government and the State governments occurs at the agency level and down the line in the agency so that the extent of contact between the policymaking bodies is almost nil, and this is an attempt to attempt to do something about that.

We have had contacts with lower officials in virtually all of the agencies involved. We can get general encouragement to be innovative and imaginative and very frankly what we propose to do this time is to create this model, to set it there and say, "Now there it is. You are always asking us to be imaginative and dramatic and here is what we propose to do. We have some experience that indicates this will work. It certainly can do no worse job than we have already been doing. Here is the model. We need your help. Now help us take the chains off."

Senator CLARK. What is your timetable?

Mr. UNRUH. I believe we propose July of 1969 before this would become effective because we understand it does take some little time to change governmental agencies.

Senator CLARK. When would you expect to pass the bill?

Mr. UNRUH. We would expect to pass it at this session of the legislature, which I would estimate to be sometime between now and the middle of July.

Senator CLARK. Just a suggestion again, and again I refer to your judgment, but if I know these Federal agencies they would want to go through this bill with a fine-tooth comb and suggest changes and amendments, and then you pass a bill.

They say, "Well, we never had a look at it and if you had only done this and done that then maybe we could go along." Maybe it would be worth while quietly and behind the scenes to try to get it through their heads.

That is just a suggestion.

Mr. UNRUH. I think it is a very good suggestion, Senator, and again we think we will probably need your help in a little bit of spurring activity because, to be very honest with you, most Federal agencies think it is somewhat below their dignity to deal with State legislators, and I have to confess that past experience in many instances probably indicates that it is a waste of time.

We think is isn't in this case.

Senator CLARK. I will talk with you after we get through.

Mr. UNRUH. Thank you. Specifically what this new manpower development fund would include would be the various State funds involved, the Federal funds which now support the MDTA of 1962, the national apprenticeship program, which is now administered by our bureau of apprenticeship training, the American Indian employment programs, the work incentive programs for welfare and potential welfare recipients pursuant to the 1967 amendments to the Social Security Act, and funds supporting the youth opportunity centers, now under our department of employment.

In addition, job training and placement funds administered by the Federal Office of Economic Opportunity will be placed in the fund to the extent permissible by Federal law.

This centralization and decategorization of funds will, we think, for the first time, allow us to avoid traditional "hardening of the categories."

Senator CLARK. That is a good phrase, too.

Mr. UNRUH. And to develop program priorities based upon applicant need, which we think is a key, rather than upon bureaucratic mandate, and I dislike using the word "bureaucratic" but I don't know of any other word to substitute for it.

I don't really mean to bang around our Government employees. I think they have been subjected to too much abuse already, and that means elected Government employees.

We also propose to create a new kind of civil servant in California, one whose job is defined by the needs of the people he serves, not by some civil service directive. We are not even sure, as a matter of fact, Senator, that what Prof. Harold Laski once told me, that the byproducts of research are often more important than the central product of the research, that this might not in the long run be almost as important as the central thrust.

This would be what we call presently a "job agent" who will have the responsibility of developing a job plan for the individual enrollee and contracting for the necessary services to make his client employable, whether they are medical care, babysitting, basic education, or even a suit of clothes for a man who has never owned one.

He would then see to it that the plan actually leads to a job in which the client is retained for at least 18 months.

Only then would the job agent's task be considered successfully completed. This approach, depending as it does upon individual initiative and responsibility, would provide a personal quality that is so sadly lacking in most Government programs for the disadvantaged.

Finally, we would give this new agency responsibility for coordinating all job training and placement programs in the State whether they are funded through the agency or not. This we think is absolutely essential if we are going to develop the jobs that the unemployed need and see to it that those in genuine need get those jobs.

Senator CLARK. I think that is most interesting and very helpful. The major problem in my mind is how you are going to administer this crazy quilt and when you suggest that you are going to have one agency coordinate all job training and placement programs it seems to me you are on the right track.

Mr. UNRUH. I think that has to be done, Senator, if we are ever going to get a sense of priorities.

Senator CLARK. What is going to be left of your department of employment?

Mr. UNRUH. Mr. Singleton would like to comment on this; certainly that part of their responsibilities with which they deal best, and that is the people that presently are subject to unemployment insurance, who have been employed at one point.

Senator CLARK. Largely unemployment compensation and possibly workmen's compensation.

Mr. Unruh. And job placement services. Mr. Singleton.

Mr. Singleton. The department of employment in every State, and I worked for the department of Employment in your State, Senator, is best able to take care of those people that the employers want, the qualified person. The department of employment fails, and admits it fails, when it attempts to place the really severely disadvantaged person because the employer is reacting to, in short, problems of placing the disadvantaged, the high risk person, and there is a big circle here.

No one is really at fault. I think there would still be a big job for the department of employment in placing the frictionally unemployed.

Senator Clark. What are you going to do with the employment service?

Mr. Singleton. They will continue to place the frictionally unemployed.

Senator Clark. Where will they be?

Mr. Unruh. In the department of employment.

Mr. Singleton. They will be in the department of employment. What we plan in addition to this larger agency, this comprehensive agency that we are talking about, is a number of other related agencies in an administrative plan called a health and welfare agency. They will be related but they won't be in the same department.

Mr. Unruh. What we would also do is to require this new department to develope a list of strict priorities for the use of its job development and placement funds and services on a geographic area basis, taking into consideration the economic deprivation of the area and consistent with this funding priority which would go first to unemployed heads of households, then to unemployed heads of households, the unemployed and underemployed males between the ages of 18 and 45, the unemployed females between the ages of 18 and 45, and finally to welfare and potential welfare recipients.

All the funds allocated for job placement and development programs must reflect the characteristics of the unemployed and the underemployed within specified economically disadvantaged areas, with particular reference to the ethnic characteristics of those areas.

This is not to say that the unemployed white father in the suburbs is not suffering too, nor, as you referred to before, in the rural areas, or that Government should not help him.

What we seem to say, however, in view of what is happening now, is that we apparently are not ready or willing to help everybody, and since our resources are limited we think we ought to use them where they will do the most good.

In my statement this means helping the Negroes and the Mexican-Americans in the cities, and I think there are good, hardheaded reasons for establishing this as a top priority.

Senator Clark. Let me ask you this. What are you going to do with the migratory workers? Anything?

Mr. Unruh. Mr. Singleton, would you comment on this? This agency would include the California migrant master plan which presently is designed to deal with that, perhaps not very effectively.

Senator Clark. That is not in the department of employment now?

Mr. Unruh. No; it is not attached to anything.

Mr. Singleton. What this bill would do would be to put it in the human resources agency and that money would still be given to them on a priority basis. Those services would still be a priority for them.

Senator **Clark**. I assume in this list of priorities which you have just read that this will take hold in rural areas as well as in urban areas.

Mr. **Singleton**. The emphasis would be for most of the money on the urban problem. There are now programs which are aimed at the rural areas. These programs would continue to have as their priorities the rural areas.

Senator **Clark**. But will not be in the new department.

Mr. **Singleton**. They will be in the new department earmarked for the rural areas.

Mr. **Unruh**. Let me continue with the justification for these priorities. We think the member of a minority who is unemployed not only has the problem of being unskilled or undereducated but also the problem of being black or having Spanish as the first language.

Quite simply, these people face the additional problem of discrimination and therefore we think they need additional help. Most of them live in our core cities where unemployment is concentrated, and here the problem has a kind of multiplier effect. The high incidence of unemployment there affects the attitudes of the entire community, not just the people who do not have a job, but also the children and the old people.

It produces an entirely different set of attitudes and a different life style.

The problem is not just a waste of human resources in the sense that they go unused, but waste in the sense of human resources that are never destroyed by this kind of life.

I think the statistics clearly reveal that the present Federal programs do discriminate against minorities. I know this is unintentional, but it is nonetheless the case in many programs.

The single agency approach which we propose would allow us to guarantee nondiscrimination in the provision of employment servises by requiring that the minority group characteristics of those who are enrolled coincide with the characteristics of the unemployed and underemployed population in each of these areas.

As I pointed out before, probably the best program in this area, the MDTA, despite the fact that the vast majority of these unemployed and chronically unemployed people are minorities, this program which is probably the best has less than 50-percent minority occupied.

Senator **Clark**. Actually do I understand what you are saying is that if there is racial discrimination it is really unintentional and the discrimination is economic and educational and perhaps even social?

Mr. **Unruh**. I think it is discrimination by omission rather than commission, Senator. It is because these people are used to being discriminated against and have been the left-out products of our educational system, of our economic system, and are used to that and as a consequence to keep from this discrimination from piling on top of itself it requires an extra effort in their behalf.

Once we have eliminated the discrimination we can establish other priorities for putting welfare recipients to work, for finding jobs for unemployed and underemployed males between the ages of 18 and 45, and for the undereducated in making sure that the heads of the households have jobs.

The shocking reality is that our present structure is not designed to achieve any of these specific, and we think, perfectly logical goals.

This program, the one which we propose to embark in California, is not a solution by any means, but is a rational approach to a solution. I believe it will work in California, and parts of it at least might prove useful in other States.

If we are fortunate and are able to carry this out in the way we envision it it might well constitute a model for other States and for the Federal Government itself. It could provide some jobs for some people and a little hope for a few more people.

But very little of this program can be attempted without the approval of the Federal Government.

I again do not wish to be unduly critical of the Federal role. I understand how the Federal Government has come to dominate in many fields of human concern. We at the State level must have the humility and the honesty to admit that it was our own neglect that forced your hand in many cases. And today many States continue to show little inclination to meet their responsibilities to all of their citizens.

But it does seem to me that when a State shows the initiative to develop its own program, and when the goals of the State program are clearly the same or above those of the Federal effort, it is in the interest of the Nation to allow that program to go into effect.

The creativity we all want for our Federal system we do not think can be imposed from above. It has to be the result of State and local and individual effort. I think this is very crucial. We have felt for a long time in California that Federal Government action ought to be designed to provide floors and not ceilings.

I am quite aware of the necessity for prodding and spurring States in action and in some areas every State holds a probability of inaction, but I do believe that in those areas where a State has demonstrated it is able and willing to move it ought not to be hampered by the imposition of a ceiling which is largely designed to apply to the more recalcitrant States.

I think that we have to have the kind of encouragement which will allow those States that wish to be imaginative and innovative, who wish to exercise initiative, and who are willing to face the consequences of that action, to proceed without undue Federal control.

I again do not quarrel with the basic efforts of the Federal Government to promulgate action in many of these areas as long as those States which wish to be beyond that effort, which wish to try approaches that may be somewhat different, are free to do so.

We persist today in the most brutal and expensive error that any society can make. We continue to accept poverty in our midst. I think we can afford almost any attempt to solve this problem. We can afford anything except to do nothing.

Mr. Chairman, I am very appreciative of your invitation to discuss with you today what one State is trying to do to solve the most critical problem facing our American Nation today. It is a program which accepts in good faith many general statements that we have all heard and most of us have restated in the past several years about "creative federalism" and attempts to put that concept to work.

It is a program which recognizes that true "creative federalism" is a two-way street, not a mandate imposed by one level of government upon another, but a mutual and understanding effort to find meaningful solutions to the critical problems besetting our society.

I think I might just conclude by paraphrasing an old Talmudic saying which many of us have used many times but it is still very good. "It is not our duty to finish every task, but neither is it our right not to begin."

We think this program marks a true beginning.

Senator **Clark**. Thank you very much, Speaker Unruh, for a most provocative and stimulative statement which is going to be of enormous help to the subcommittee in explaining our legislation.

I have a few questions which I would like to ask you.

First, it is true, is it not, that the most hopeful solution of these disturbing problems which we have been discussing is education. But education is going to take one or two generations, and therefore it is not a solution which will solve the difficulties of those now in trouble and beyond the normal educable age. Adult education can do a certain amount.

Would you agree with that?

Mr. **Unruh**. Yes, I would, Senator. I have felt for a long time, and very frankly sometime before I became somewhat more familiar with the desperation and indignities that exist in the black community particularly today and in many other areas—I used to feel that the principal effort had to be concentrated on education, that we could in many respects, to be perfectly callous about this, write off many of the people in the system today as irretrievable, and that may still be the case, but the fact of the matter is that these people's level of expectation, their level of involvement, even though in many ways and many times it is the wrong type of involvement is so increased as to make it impossible to proceed with only the long-range answers or what we hope are the long-range answers, that they will not permit the society to ignore them, nor should they I think, so we are going to have to deal with the problems of employment in the short run while we deal with the problems of the next generation through our educational system.

It does seem to me that also what you say is totally correct, that none of these programs is going to provide an overnight solution.

We are going to have to understand that and people from both the minorities and the majority are going to have to understand a certain amount of patience is necessary. I personally feel that unless however, we proceed with these underlying solutions, unless we in good faith demonstrate to our long neglected people that we mean to do something about this, I think if we do that and if it is a reasonable effort they will be convinced of this and will respond accordingly.

I suggest that there are two sides to this coin, that while we are trying to reach this millennium when we will have eradicated or largely wiped out the root causes, that we are going to have to insist that the protest be largely through the system as we know it, but I do not suggest and I do not believe that we can do this in good conscience, nor can we convince the people we are dealing with here that we are doing this in good conscience, unless we are making the basic, completely devoted and dedicated effort to deal with these problems.

If we deal with both sides of this I think we have a reasonable chance of success. If we neglect either of them then I think both will fail.

Senator **Clark**. I agree with you. Returning to the long-range solution. I am a member of the Subcommittee on Education which Senator Morse chairs and we are grappling with the longe-range educational problems too.

I think it is fair to say that the California system of higher education is the best in the country all the way from the junior colleges up through your graduate schools.

Mr. **Unruh**. Thank you, Senator.

Senator **Clark**. But I am not well informed as to what sort of shape your elementary and secondary schools are in, particularly those in areas where so many disadvantaged children live.

I don't want to expand this hearing into a hearing on education but I would like a brief comment from you.

Mr. **Unruh**. Senator, let me thank you first of all for your comments on our public higher education system. I believe I can without fear of bias agree with that statement.

Our elementary and secondary system, while good in many ways, I think is not of that quality and standard for many reasons, but particularly the criticism can be made of our system that it has not provided equal educational opportunity to all of our people, and again the areas that we are talking about here are the ones that have been neglected.

I think you will find that most of the double sessions that exist, exist in these areas, for example. We will have many other problems that come about as a result of our rather poor organizational effort in our schools in California.

Our schools have grown up in response to our urban sprawl and as a consequence many of the school districts which receive a great deal of State financial help come about not because of the really poor school district, but because they are poorly organized.

The people who have moved away from the factories and away from the downtown areas now live in what amounts to enclaves of white Anglo-Saxonism and as a consequence organized in such fashion that their tax base is very low and as a consequence they get more than their fair share of funding.

We have a long way to go and it may be that some of my staff here might wish to comment further on this. In addition, let me just say one other thing about our system of higher education.

Good as it is, it has not done enough either to entice students from minority groups and from economically disadvantaged areas into it. We are far below what we ought to have insofar as Negro students, for example, in our universities and State college and we are attempting now to develop programs designed to deal with this.

Senator **Clark**. Let me just very briefly, and I don't want to prolong this very long. Take the specific example of primary and secondary education in Watts. Can you give me, or any of your assistants, a thumbnail analysis of the effectiveness of the high school diploma from a Watts school in providing the educational background that will enable the student to go on to junior college or college with a reasonable chance of obtaining a degree?

Also to what extent do you have a very serious dropout problem in the Watts area?

Mr. **Unruh**. I think Mr. Singleton would probably best answer that. Let me say before he begins, however, that we have two principal classes of students in those areas. We have the dropouts and the shoveouts and the ones who don't have any place to go stay in school long enough so they get through with a technical high school diploma but they might in many cases just as well have been dropped out because they have actually been shoved out with very little more education than the dropouts have.

Bob, would you like to comment on this?

Mr. SINGLETON. No.

Senator CLARK. I don't want to press you for an answer.

Mr. SINGLETON. The dropout rate is very high, Senator.

Senator CLARK. How about college admissions from public schools in the Watts area? Are they more or less nonexistent?

Mr. SINGLETON. I think that is a correct statement. It is more or less nonexistent. These students have to have early direction, early counseling, starting at least back in junior high school, in order to provide them with the incentives to go on to college.

Senator CLARK. How about the caliber of teaching in the primary and secondary schools in the Watts area. Are you having any trouble getting qualified teachers?

Mr. UNRUH. There is a heavy turnover in maintaining teachers there. I think we get a lot of good teachers in the area and I am not prepared to say that the quality of teaching there is lower than it is elsewhere.

I think many cases the quality of the teaching presents the same problem as what we talked about insofar as the department of employment is concerned earlier, that the teachers are qualified and competent to teach middle-class folklore mores, whatever you wish to call it, and not at all prepared to deal with the special problems.

They become frustrated with the lack of results and simply request to leave.

May I ask Mr. Singleton?

Senator CLARK. How about teachers from minority groups? Are they getting a fair share, who are willing to go into a disadvantaged school?

Mr. SINGLETON. I would say that the teachers from minority groups are almost concentrated in the minority group areas.

Senator CLARK. Which indeed is unfair.

Mr. SINGLETON. It is unfair because I am sure the distribution of schools is about parallel. It may be that a larger number of teachers from minority groups are coming from States where the teaching level itself or the excellence of the teaching, quality of the teaching, isn't itself very good. I haven't done any direct studies of the problems in the Watts area and in the minority group area schools in the last 3 years. I have seen the dropout rates, however, They have not declined.

The dropout rates are about three to four times as high in the minority group areas as they are in the majority area. There are different ways of measuring dropout and one of the tricks that has been pulled by the school systems in Los Angeles is that they have changed the measure of dropouts so that it appears to be lower than it used to be and the disparity appears not to be as great.

However, the dropout rate goes in the schools which are predominantly Negro from 25 to 40 percent and in the Mexican-American schools—there are two which are predominantly Mexican-American—the dropout rates are in the area of 33 to 50 percent, 33 in one and 50 in the other

Senator CLARK. That is a lot higher than the other schools in the higher income level area, isn't it?

Mr. SINGLETON. Much higher. They proceed from as low as 8 percent in some of the area on up to, I forget what the high is, but it is much lower than it is in the minority group areas.

Senator CLARK. What bothers me at this point, gentlemen, is that after your splendid presentation I still don't have much of any idea what changes in the Federal laws and regulations you would like to have to enable California to go forward with this proposal of yours.

Mr. UNRUH. Senator, let me summarize very briefly, if I may, what we think is necessary. First of all, we will have to be allowed to pool all Federal manpower and development money in a single State fund.

I am not sure whether that will take statutory change or whether that can be done by administrative directive. Presently we think it is impossible. We think also that a congressional policy statement in the field of manpower and employment which defines goals in terms of placing the chronically unemployed in jobs rather than measuring success merely by placement rate would be helpful, and that congressional action to allow or encourage, by fiscal and whatever other incentives that might be available, States to centralize administration and planning of manpower programs in one agency, and then to require submittal to the Federal Government of statewide manpower and employment plans, such plans to be operational plans with emphasis on the disadvantaged areas of persons, and then we would propose that you stop layering individual new job programs, putting new efforts of funding into the centralized agency and with funding and service priorities to the disadvantaged, rather than simply constructing another program on top of the multiplicity which already exists.

Insofar as the specifics of this we would propose if this plan has some value to it in your eyes that we would sit down with your staff representatives who, may I take this opportunity of saying, have been very, very, kind to us and very cooperative and very strong in their efforts to involve us and work out the details of whatever would make your legislation——

Senator CLARK. I am glad of that suggestion and Mr. Kirst of the subcommittee staff will be available to talk to any of your people when you are ready. I think that we are going to have to draw the Federal executive departments in on this because unless we get their green light for whatever is prepared at the legislative level we are not going to get it through.

Mr. UNRUH. I agree with that. I have dealt enough with State agencies to know that the positions that they occupy——

Senator CLARK. We look forward to having you take the initiative to getting in touch with Mr. Kirst on that.

Mr. UNRUH. Thank you very much, Senator.

Senator CLARK. Another problem which we will be involved in is how we are going to make the changes that you would like to see to give the State government greater flexibility and indeed greater power in these areas and yet prevent other State governments which are not as advanced as California from taking a lot of Federal money and misusing it. California and New York are two States where if you give the money to the State government through a system such as yours you can be reasonably sure it will be properly spent. Without identifying any of the other 45 or so States, we have to protect the unemployed in those States from the State government which is a very difficult problem.

So this will also be a draftsmanship problem.

Mr. UNRUH. I wish that as a strong advocate of States responsibilities as well as States rights I could argue with you at more length about the response of the States. I am afraid that I cannot except insofar as my own State is concerned.

I would suggest there are ways of doing this. The easiest might be through the prior submission of the statewide plan and the necessity to subscribe to that plan by Federal Government action. There are other ways I believe of writing in the kind of floors so that we do not see the States regress in what little efforts many of them have presently made and I subscribe to that fully and completely.

As I said before, I believe that philosophically the Federal Government has the right in these areas of neglect, and certainly demonstrable that there is neglect in these areas has a right before entrusting the States with the responsibility to write those floors into the legislation.

Senator CLARK. Finally, there is another problem I want to call to your attention which is that we have to decide whether this should be independent legislation, or whether we should tie it on to either one of the two more or less crash employment bills, one of which I have introduced and the other Senator Javits.

I don't think that we can tie it on to the MDTA legislation with the heat that is on to get that approved by the end of this fiscal year so we get into a controversy about it, and it would be most unfortunate. Your draftsmen and ours will have to give some thought as to the legislative form in which you want to put it.

Mr. UNRUH. Correct, Senator. I think we are aware that it may take sometime to go in this direction. We certainly would not wish to peril your legislation although I must confess to you I would feel more comfortable if it was part of your legislation, so that someone had direct responsibility for it.

Senator CLARK. Of course Secretary Wirtz said our legislation hasn't any chance of getting passed this year. I happen to disagree. Let's not make it any harder than it is, anyway.

Mr. UNRUH. We do propose after working with your draftsmen and whoever else will work with us in constructing this model—we understand it may take sometime to conform the rules and regulations so it will become operative, but we are going to try to do so and take out as many bugs as possible and we are going to say frankly here and now it is up to you.

Senator CLARK. Thank you. Mr. Patricelli.

Mr. PATRICELLI. Mr. Speaker, I would like to pursue some of the line of questioning the chairman has opened up. Without wanting to use any loaded terms, would it be fair to say what you are advocating is conversion of Federal manpower programs to a block grant scheme?

Mr. Unruh. I would not like to give you a flat answer to that. There is certainly an inference of that in this proposal, but we do have some rather carefully mapped out priorities in this program which I think constitutes considerably less than a block grant.

I do not in general favor flat block grants, to the extent of revenue sharing, at any rate. I think the States that are now pressing hardest for this are doing so to get off the hook with their own taxpayers, while I do believe, when the time comes that the Federal Government can reduce the level of Federal taxes, that it ought to abandon some of the better fields of taxation in the States.

I think the individual States ought to have the thrill of the responsibility of initiating those tax increases, and if they are not willing to undertake that I doubt that they would be willing to spend the money properly anyhow.

Mr. Patricelli. Under your proposal you would have the State of California establish priorities for the State of California. Would you suggest that the Federal Government in this area should leave this kind of priority setting to the State, or would you think that the priorities ought in fact to appear in Federal legislation?

Mr. Unruh. I think, while many times I might be inclined to proceed by saying that we would prefer that this be left to the States, that this problem is widespread enough and its general outlines are common enough in most of the metropolitan areas that we would not object to again some sort of Federal floor being set or Federal guidelines being set.

I do not think it would damage our effort particularly if that were done. I would suggest that along the lines of the California amendment or exemption to the clean air bill would be in order.

Mr. Patricelli. What would be the authority of local program sponsors under the California proposal? Would they be given the option or the authority to actually design and operate programs within very broad guidelines set by the State, or would you like to see the State go so far as to actually describe and define the types of programs permissible and indeed operate them?

Mr. Unruh. Let me ask Mr. Singleton to comment on this. My general feeling is once we have assigned priorities that we are not really terribly concerned how they are arrived at here, although we clearly set forth in our legislation that the responsibility for this is the responsibility of the State job agent, that he has the responsibility for a certain group of unemployed and until that is satisfied he has not discharged that responsibility.

Mr. Singleton. I think what we would want to look for, what we want the State to provide, is the most flexible plan possible. The State could for all of those areas which it considers priority areas provide as many job agents and as many program dollars as it could.

It could in addition contract out any or all of the job agent's functions to any local agent that wants to undertake them. What the State would want to do, in other words, as the Speaker has said, is to define what the priorities are, and to see to it that these priorities are kept in terms of geography and in terms of ethnic groups.

Mr. Patricelli. Mr. Speaker, at one point in your statement you said that the new agency would be given responsibility for coordinating all job training and placement programs in the State whether they are funded through the agency or not.

Do you have any great degree of confidence that without the funding power a State agency can coordinate programs that are in fact funded directly from the Federal Government to the cities or local private agencies?

Mr. UNRUH. I would like to ask Mr. Manley to comment on this, if I may.

Mr. MANLEY. Actually there would not be that many programs left outside the agency. You would have the unemployment insurance and workmen's compensation functions of the present State department of employment.

You have the Vocational Education Act programs and funds. That amounts to about $57 million a year in California now. And that is about it. That is about the extent of the programs that we are talking about that would not be, fundingwise, under the aegis of the new agency.

Mr. PATRICELLI. I was thinking of two other programs that would require, I think, Federal legislative change or at least administrative change to allow the funds to pass through the State, and those are the programs under title IB of the Economic Opportunity Act, and secondly, and perhaps the major manpower program this year, the President's new JOBS program. That program isn't being administered through any statewide apparatus but largely through city branches of the National Alliance of Businessmen and what not.

What would be the role of the State?

Mr. MANLEY. Let me say with regard to the OEO job training and placement funds you are quite right, it would require Federal law change and this legislation at the State level provides that the OEO funds for this purpose be administered through this agency.

Now, we can't do that unless you change the Federal law and this is why we have a lag in the operative date of our bill. It will not become operative until July 1 of 1969.

Mr. PATRICELLI. You would like to see the JOBS program as well as on-the-job training pass through the State?

Mr. MANLEY. I am not as familiar with that. I would rather have Mr. Singleton respond to that.

Mr. SINGLETON. In terms of matching the priorities that the State sets up, yes, we would like to have, on those programs that the State could not control directly by virtue of their nature, we would like to see the State at least have some ability to have an approval or at least an accountability framework like the present CAMPS program, for example, so that the information at least passes through the State agency and the State agency can account for or tell the legislators whether the priorities that the State has set up are being reached by the programs.

Mr. PATRICELLI. One last question. Has your attempt to cope with the variety of Federal programs at the State level led you to think that there might be some wisdom in consolidating Federal programs at the Federal level into a single Department of Education and Manpower or of Manpower or something like that?

Mr. UNRUH. I am glad to find a question that I can answer in one word. Yes.

Mr. **Patricelli.** Thank you. Thank you, Mr. Chairman.

Senator **Clark.** I would like to take about a 5-minute recess before we call the next witness.

(Brief recess was taken.)

Senator **Clark.** Our next witness is Mr. C. E. Bishop, vice president of the University of North Carolina. Mr. Bishop, we are happy indeed to welcome you here. I have your prepared statement which I suggest should be printed in full in the record at this point and perhaps you will summarize it, and I am sure you won't object if I interrupt as we go along, although if you prefer to read it, it is all right with me.

(The prepared statement of Dr. Bishop follows:)

PREPARED STATEMENT OF C. E. BISHOP, VICE PRESIDENT, UNIVERSITY OF NORTH CAROLINA; FORMER EXECUTIVE DIRECTOR, PRESIDENT'S NATIONAL ADVISORY COMMISSION ON RURAL POVERTY; MEMBER, NATIONAL MANPOWER ADVISORY COMMITTEE TO THE SECRETARY OF LABOR; AND MEMBER OF BOARD OF DIRECTORS, NORTH CAROLINA MANPOWER DEVELOPMENT CORPORATION

Thank you Mr. Chairman, Members of the Subcommittee—I am C. E. Bishop, Vice President of The University of North Carolina. I very much appreciate your kind invitation to offer testimony before your Committee. I appear today as former Executive Director of the President's National Advisory Commission on Rural Poverty, as a member of the National Manpower Advisory Committee to the Secretary of Labor, and as a member of the Board of Directors of the North Carolina Manpower Development Corporation. On behalf of the latter organization I would like to submit for the record a statement prepared by Mr. George Autry, Executive Director, and a series of special articles on rural poverty in North Carolina, recently prepared as a follow-up to the Report of the President's National Advisory Commission on Rural Poverty, *The People Left Behind.*

As I have studied S 3063 and S 2938, I find the bills to be in basic agreement with the recommendations submitted by the President's National Advisory Commission on Rural Poverty. This Commission was given the charge to study the problems of the poor in rural America and the interrelationships of poverty in rural and urban America, and to make recommendations for improving the well-being of the poor.

After a year of exhaustive study the Commission concluded that poor people in the United States have four basic wants. They are 1) personal respect, 2) social justice, 3) economic opportunity and 4) political representation.

The changes now taking place in the economic environment in rural areas have far-reaching implications for the people there. While some people are able to anticipate the changes and to benefit from them, other people seem unable to make the necessary adjustments. Our agricultural abundance is not achieved without cost. These costs fall heavily upon those who are dependent upon their labor for a source of livelihood.

The source of our abundance is the stream of new technology being applied in farm production. Many of these improvements in technology increase the productivity of capital in relation to the productivity of labor. As a result, it becomes profitable to use more capital. But the changes do not end simply with the addition of capital. Most of the improvement in technology are labor saving. Thus, while the increased productivity of capital has meant greatly expanded employment of capital, it has also meant an increase in the size of farms, a decrease in their number, and a sharp decline in the employment of labor in farming. Many of those whose jobs were destroyed by these changes were ill-equipped for employment in other occupations. Many faced insurmountable barriers of economic and social discrimination in seeking alternatives. Deprivation and hardship resulted for millions.

The forces sketched above have made a similar impact upon many industries in the United States. The impact has been particularly heavy, however, in the natural resource based industries—farming, forestry, fishing and mining. All of these industries are located predominantly in the rural areas. Since other jobs have not been created to offset the destruction of jobs in the natural resource-based industries, technological change has been accompanied by a sharp decline in employment in rural areas.

In order to understand the full impact of the forces outlined above on rural areas, we must look beyond the individual firm to the effects of these changes upon the structure of communities. The new techniques of production, transportation and communication have greatly increased the market areas served by firms. Consequently, many small, locally-based villages have been pulled apart and their economic functions have been transferred to the cities. Today many of the economic functions of the rural areas are carried out through a sophisticated network of specialized firms in the cities. One recent report estimated that the effective economic community in the midwest today is about 100 times as large as the effective economic community was in the early 1900's.[1]

As a consequence of the destruction of jobs in farming and other natural resource-based industries, and the transfer of many farm-related jobs from rural villages, economic conditions have become deplorable indeed in many rural communities. Many small towns are virtually empty economic shells. The people living in the towns have little hope of improving their economic well-being. Despondency is widespread. In a high proportion of rural counties of the United States, the number of people currently employed is less than it was 20 years ago. Let me emphasize that I am talking about employment—not population.

People in the rural areas now demand essentially the same goods and services as the residents of urban and metropolitan areas. However, at the same time that the people are demanding more and better services, many local governments are less able to provide even the basic services. In many counties the tax base is static, while in others it is declining.

There has been less change in the structure of local government than in economic and social structures. We are still trying to perform our governmental services with the same basic structure that we had 50 years ago. This structure is clearly out of context with the economy and the society in which we now live. Evidence of inferior public service can be seen in the schools, libraries, health facilities and in practically all services provided by local governments. In short, we are failing terribly in preparing rural people for living in the modern economy.

It is my judgment that without a change in public policy this condition will get worse before it gets better in much of the United States. For this reason it is important that in the development of plans to combat poverty, emphasis be placed upon the processes of development and adjustment and not upon the current situation. Unless we understand the processes of development and the reasons for them, we shall be unable to anticipate the kinds of changes that are likely to occur in the future and to make the adjustments necessary to take advantage of these changes.

The old rural-urban dichotomy is not very meaningful in the modern economic and social structure. There are numerous links between the rural and urban. Product markets cannot be separated into rural and urban components. Neither can factor markets be clearly dichotomized into rural and urban. One of the most significant links is in the labor market. During the decade of the 1940's average net migration from the farms was about 1.3 million persons per year. During the 1950's it was about 1 million per year, and at the present time it is running around 750,000 per year.

The migration from the rural areas to the cities of America represents one of the most massive migrations of human resources ever recorded. But it went on unassisted, undirected, and largely unnoticed until in recent years when it exploded in our faces with a vengeance. Those who fled to the cities became frustrated as what they thought was hope turned into hopelessness. This hopelessness intensified as migration continued and as structural changes began to make an impact upon the central cities that we had not anticipated.

In the last few years there is increasing evidence of a change in the role of the central city in our society. Even while we were experiencing large scale migration into the central cities, an increasing share of the additions to employment in manufacturing was moving into the suburbs and into the smaller cities.

In the period immediately following World War II, the increase in manufacturing employment was highly concentrated in the heavily metropolitan areas of the industrialized state of the North—Massachusetts, New York, New Jersey, Pennsylvania, Ohio, Michigan and Illinois. These seven states, with less than 40 percent of the United States population, provided about 55 percent of manufacturing employment in 1953. But the pattern of growth in manufacturing employment changed significantly beginning in the late 1950's. Between 1956 and 1966, United States manufacturing employment increased 1,840,000. Meanwhile, in the seven industrial states mentioned, manufacturing employment increased only 37,000. By contrast, during the same period, manufacturing employment grew 465,000 in the West, and 1,026,000 in the South.

---

[1] Karl A. Fox. *Change and Community Adjustments: A Metamorphosis of Rural America.* A paper prepared for the Conference on Implications of Structural and Market Changes on Farm Management and Marketing Research, Dept. of Economics, Iowa State University, April 1967.

The most rapid growth in employment opportunities in the central cities is in the professions. Manpower is needed that is well trained and highly skilled. But the vast majority of those moving from the rural areas to the central cities have little formal education and few skills. They seek employment in unskilled and semi-skilled occupations. But the jobs are not to be found. What has emerged is a terrible mismatching of human skills and employment opportunities in the central cities. Many of the people who could not get satisfactory employment in the rural areas and have moved to the central cities are still seeking satisfactory employment. Many have become disillusioned and frustrated.

There is a basic difference, however, in poverty in the central cities and in the rural areas. In the central cities the poor are concentrated, organized, have effective leadership, and are vocal in making their wants known. And they get assistance. In contrast, the rural poor are sparsely settled, largely invisible, unorganized, have no identifiable leadership, and are not vocal. And they receive little assistance. The low income whites, the largest group of poor people in our country are the most unorganized, unnoticed group. They participate least of all in the current programs.

Because there are more poor people in the rural areas than in the central cities, the National Advisory Commission on Rural Poverty questions whether attempting to fight poverty through a "gilding of the ghettos" is a self-defeating, if not a disastrous policy. Assume that we are successful in improving conditions in the central cities and that the problems begin to disappear. Let me hasten to say that this is a big assumption. But, assuming that we are able to do this, what happens? Immediately we will create a vacuum into which we will suck untold millions of people coming out of the areas beyond the central cities. In the process we will complicate the very problems we are trying to solve.

Of even greater concern to the Commission was other possible consequences of concentrating assistance to the poor in the central cities. Through such a policy, the nation, in effect, is saying to the people outside the central cities, "If you want assistance, you must move to the cities or get better organized. You must also use more dramatic means of making your wants known." This is a tragic message to send out across the nation. It could have tragic consequences. If we are to avoid such consequences, we must develop programs that are equally effective for all of the needy, regardless of residence.

Mr. Chairman, I am especially pleased to note that the bills that you have introduced place such a great emphasis upon underemployment. We have all known for a long time that the methods used to estimate unemployment do not give due consideration to the widespread underemployment in rural areas. I am particularly distressed that excellent programs such as the program of the National Alliance of Businessmen are concentrating so heavily upon the metropolitan centers. It is my understanding that the NAB program will be initiated in cities of 500,000 or more population. Under this restriction, not a single person in my home State of North Carolina will benefit directly from the program.

The National Advisory Commission on Rural Poverty found no simple, easy, costless solution to the problems of poverty. The Committee emphasized that consideration must be given to both the problems of poor people and poor communities. The immediate needs of the rural poor are emphasized, but the necessity for changing conditions that have made them poor is given even greater emphasis. The complexity of the problems of rural poverty preclude the success of a single program or approach. Programs emphasizing the immediate needs will not change the conditions creating and perpetuating rural poverty. On the other hand, programs designed to change the deeply rooted conditions will take time and will not bring immediate assistance to those in dire need. The recommendations offered by the Commission complement and reinforce one another. Taken together they should go along way toward removing rural poverty. Considered and implemented independently they will be of little avail.

The recommendations of the Commission will be discussed under four headings.[1]

---

[1] *The People Left Behind:* Report of the President's National Advisory Commission on Rural Poverty, Government Printing Office, Washington, D.C., 1967.

First, the Commission placed emphasis upon creating an environment that will enable all people to have opportunities consistent with their economic potential. It recommended that the nation take such steps as are necessary to assure residents of rural America equality of opportunity with all other citizens. This should include equal access to jobs, medical care, housing, education, welfare and all other public services without regard to race, religion or place of residence.

The second major category of the recommendations concerns income support and maintenance. Every effort should be made to provide employment opportunities for those who are able to work. While the Commission emphasizes the importance of private enterprise in providing employment, it recognizes that private enterprise may not be able to provide employment for all who are willing and able to work at the established minimum wages. The Commission also recognizes that there are many opportunities for expansion in employment in the public sector. It recommended, therefore, that the federal government stand ready to provide jobs at the national minimum wage to every person willing and able to work. I am especially pleased that S 3063 provides means for expanding employment in both the private and government sectors.

Even though the Poverty Commission emphasized expansion of employment it recognized that individuals who cannot earn an income large enough to lift them above poverty level must be provided with assistance from public sources. Most people would prefer such assistance in cash rather than in kind. Cash benefits provide the recipients with greater freedom to choose what they will consume. Therefore, they place more responsibility upon the recipients than benefits in kind. The Commission recommended that primary emphasis be placed upon cash benefits.

The Commission was concerned over the extreme variation among states and counties in the benefits provided under existing income support programs. In order to correct some of the basic weaknesses in these programs, the Commission recommended that the public welfare programs be operated in accordance with a nationwide needs standard, and that the federal government provide the funds to meet the basic needs and the costs of certification in the programs.

Welfare programs should be modified so that labor force participation is encouraged rather than penalized as at present. It was recommended that public assistance recipients be permitted to earn a base amount without reduction in benefits, and that thereafter, benefits be reduced by not more than 50 cents per dollar increase in earnings. A change of this nature in the benefits schedule would encourage participants to earn as much of their living as they can. An example of such a program is shown in Figure I.

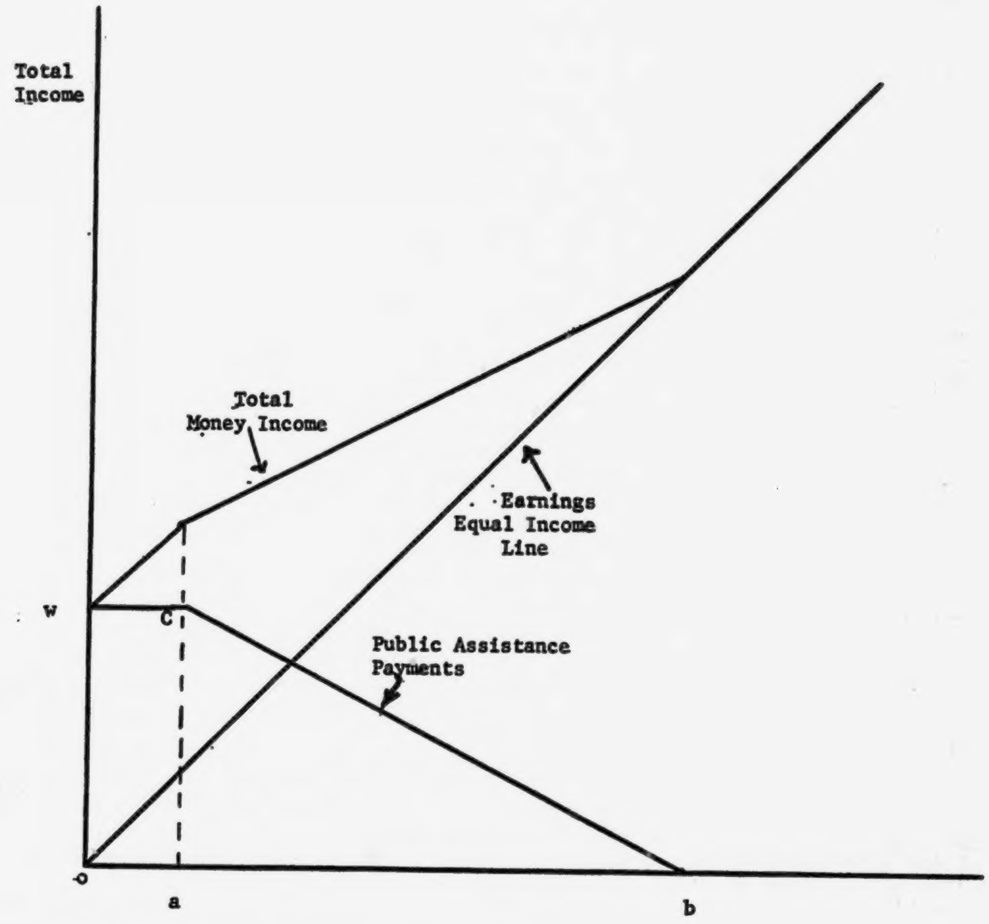
The Commission recommended that special subsidy programs similar to the food stamp program be extended in principle to housing and health care. Coupons that are negotiable for purchase of special commodities would be sold to program participants. The price of the coupons would vary directly with the income of the participants. Therefore, participants would automatically be phased out of the program as their income increased.

Third, the governmental structure of rural America must be modernized. The Commission is of the view that the piece-meal, fractionatel planning programs of the present will not suffice in coping with the problems of low income areas. Therefore, it recommended the creation of developmental regions throughout the United States, with each region made up of coterminal multicounty are development districts. Each area development district should be delineated in such a way that it contains a developmental center, or it should receive a commitment from the government to provide the funds necessary to develop the infrastructure for such a center. Federal grants and loans should be provided to the development districts and regions for planning purposes. Special subsidies should be provided for area development districts and regions that carry out effective planning programs. The use of industrial subsidies by local governments should be discouraged, but the federal government should be asked to liberalize investment tax credits and depreciation schedules for firms locating in or expanding in area development districts which include redevelopment districts. Emanating from the growth centers, programs should be developed to provide access to health, educatiton and manpower services for the people living throughout the area development districts.

The fourth major category of recommendations concerns human resource development. It is imperative that we do a better job of preparing people for occupations. General education must be improved; training programs in rural areas must place better emphasis upon nonfarm vocational training; testing and

Figure I

A public assistance program to encourage labor force participation.



oa = Earnings exemption
ob = Phase out earnings level
ow = Base public assistance payment
wcb = Level of public assistance payment as earnings increase
cb = Payments decreased $1 for each $2 earnings

counseling programs must be expanded in schools in rural areas; and there should be effective coordination of counseling with representatives of the Employment Service to assure due consideration of employment opportunities.

A massive human reclamation program is needed, including expansion of preschool programs for children, compensatory education programs in the elementary and secondary schools, intensive occupational preparatory programs, on-the-job training programs, special programs to upgrade the skills and programs of relocation assistance.

A nationwide comprehensive manpower program should be initiated to provide improved job information to potential employees and labor supply information to employers. In order to help guide migration, the Relocation Assistance program of the U.S. Department of Labor should be expanded. Workers who cannot find gainful employment where they now live but for whom jobs can be located in other labor markets, should receive public assistance in defraying the cost of mobility. A system of relocation payments provided through and based upon the advice and counsel of the Employment Service could yield very high returns for society. There also is need for reception centers, guidance counselors and improved housing in the cities receiving a large number of migrants.

I am confident that through concentration of public investment in the development of the infrastructure and of housing in the growth centers, and through providing incentives for industrial development and assistance to people who could be relocated in the areas experiencing growth, many of the evils of long distance migration can be overcome.

While there is an urgent need for massive reclamation of human resources in our society at the present time we should not regard the need for upgrading of human resources as temporary. The dynamic nature of our economy assures us that there will be a continuing need for programs to upgrade the quality of our human resources. With this in mind, we should begin now to structure institutions to provide these services on a continuing basis. We should also begin a program of intensive research into the complex problems of economic development, particularly as they relate to the location of employment opportunities and the distribution of population in this country.

As a member of the National Manpower Advisory Committee I have had an opportunity to observe the frustration and inefficiency growing out of temporary demonstration programs. While there is nothing wrong with demonstration programs as such, I am convinced that we should not initiate experimental and demonstration type programs until we have clearly identified a permanent home for these programs in the event that they prove successful.

I have been impressed by the significant results achieved from the Manpower Research Program conducted under Title I of the Manpower Development and Training Act. Studies conducted by the Department of Labor under this program yielded information which was used as a basis for improvements in the Act. A study conducted at the Norfolk Division of Virginia State College revealed that amendments were needed to permit training allowances for 17 and 18 year old dropouts and that extended allowances to cover basic education were needed. Another amendment authorized training projects in correctional institutions and was based largely upon research conducted in New York. A study of Negro participation in apprenticeship training led the Department of Labor to sponsor apprenticeship outreach programs for minority groups. Plans have now been developed for the operation of this program in 40 cities. Research on the USES Selective Service Rejectee Program has provided new insights into the training needs of young men in the country. The research grants program which was initiated two years ago has made it possible to establish manpower centers to train research personnel at several small universities. A good beginning has been made toward the establishment of the research capability to tackle some of the more fundamental problems dealing with manpower. We need much better information concerning the range of problems involved in finding employment for the hard to employ, the returns from the upgrading of human skills and the costs and returns from mobility assistance programs. We must give immediate consideration to the costs and returns of alternative patterns of growth and development in the nation.

Even this abbreviated list of unanswered questions underscores the need for strengthening an exceedingly productive and economical program of manpower research. Until we are willing to commit resources necessary to gain answers to the problems posed we will lack the necessary information for sound policy development.

Senator Clark. May I say that as I consider your prepared statement you make four pretty important points: one, that the economic employment base of rural America continues to deteriorate; the second, that the new JOBS program does not have any job slots for rural America; and third, that we need reception centers to improve job information for rural migrants who arrive in the cities; and the fourth, that you support the Clark bill.

Now, with that background summary will you proceed in your own way.

STATEMENT OF DR. C. E. BISHOP, VICE PRESIDENT, UNIVERSITY OF NORTH CAROLINA, FORMER EXECUTIVE DIRECTOR, PRESIDENT'S NATIONAL ADVISORY COMMISSION ON RURAL POVERTY; MEMBER, NATIONAL MANPOWER ADVISORY COMMITTEE TO THE SECRETARY OF LABOR; AND MEMBER OF BOARD OF DIRECTORS, NORTH CAROLINA MANPOWER DEVELOPMENT CORP.

Mr. BISHOP. Thank you, Mr. Chairman. I should like to express my appeciation to you for your kind invitation to appear before this subcommittee. I appear as a former Executive Director of the President's National Advisory Commission on Rural Poverty, also as a member of the National Manpower Advisory Committee to the Secretary of Labor and the Secretary of HEW, and as a member of the board of directors of the North Carolina Manpower Development Corp.

On behalf of the latter organization I would like to submit for the record a statement prepared by Mr. George Autry, executive director, and a series of special articles on rural poverty in North Carolina.

Senator CLARK. These statements will be admitted into the record and printed at the conclusion of Mr. Bishop's testimony.

Mr. BISHOP. Thank you, Mr. Chairman. As I have studied S. 3063 and S. 2938 I find these bills to be in basic agreement with the general recommendations submitted by the President's National Advisory Commission on Rural Poverty.

You will recall that this Commission was charged by the President to give an intensive study to the conditions prevailing in rural America and to the interrelationship between conditions there and poverty in our urban centers.

Now, after about 15 months of intensive study this Commission concluded that poor people in this country want four basic things. They seemed to be very elemental but fundamental. First of all, they want personal respect; secondly, they are interested in economic opportunity, a way to earn their own way; and third, they are interested in something called social justice, which is awfully difficult to define but very real and very meaningful to poor people; and fourth, we were told over and over and over that they want a political voice.

They want some way of making their wants known effectively in the body politics.

Senator CLARK. I wonder, Mr. Bishop, if there aren't even more basic needs than those that you outline: first, at least two square meals a day, if not three, and, second, a roof over their heads that won't leak and a floor that won't give way. There are millions and millions of poor people who have neither.

Mr. BISHOP. You are right. These I would include under the general heading of social justice and economic opportunity. We were also told over and over again that people can't get these things because the system won't let them.

I kept asking myself what are they trying to tell me, what do they mean by the system, and I reached the conclusion that what they were saying was that people are poor today because they don't have either the economic power or the social power or the political power to rise above their circumstances.

They just don't have the control, the power to do this on their own right.

Senator **Clark**. And yet there is a large school of thought in this country—I don't happen to share it—which says that if they would show some initiative they could get all three.

Mr. **Bishop**. I don't understand you.

Senator **Clark**. There is a large school of thought in this country which says if they showed some initiative they could get all three, at least for the children, if not themselves. If they would press their children to do well at school they could get a good education. If they could get a good education they could get a job. If they could get a job they could have a roof over their heads and three meals a day, and the trouble with them is they don't have any motivation and they don't have any initiative.

I don't share this but I would like your comment.

Mr. **Bishop**. I don't share it either. That is the old standard reply and it is one that people often give who are thinking in terms of long-run solutions, ignoring very short-run and immediate and urgent problems.

Senator **Clark**. Of course a lot of people in North Carolina are still saying that. There are a few in Pennsylvania too.

Mr. **Bishop**. I am quite aware of both. Now, we know that the changes that have taken place in rural areas have been quite dramatic. I shall just summarize my comments here because you have the copy for the record.

You have already referred this morning to the fact that you have taken several trips across the country where you studied conditions in rural America as well as in urban America. But I think some of the basic structural changes that are taking place in this country have not yet been fully appreciated.

So much of what has gone on and what is occurring in rural America has been regarded as something that is going to be once and over: we go through it; we get it over; problems are going to disappear and then we will go on.

Senator **Clark**. Most people would say we are going to eliminate rural America, except for those wealthy people who buy farms and enjoy the countryside, because they are coming into the cities at a frightening rate.

Mr. **Bishop**. Yes. Sometimes I think we are following policies to that end. What has happened of course is that as we have had vast technological improvements in farming and farm production, with vast injections of capital, we have also had a heavy destruction of jobs. To put it quite straightforwardly, we have recombined resources into fewer businesses, fewer job opportunities in the farm sectors. There has also been a change in the farm supply business, an enlargement of the market area, a pulling out of the economic rug from the small locally based businesses that used to supply the needs of the farms, and pulling these businesses back together into larger more specialized firms and moving them from the small villages to the cities.

What we see then is that the processes of adjustment haven't stopped at the farm level, or they haven't stopped at the mines, or at the forests, or even in the fishing villages. They have moved into larger cities.

Today there is a vast network, an interdependent network, through which economic functions are provided for people in the rural areas.

But we have failed to create jobs to replace the jobs that have been destroyed.

I would not lead anyone to believe that these changes that have occurred have not been consistent with national progress. It has been very much consistent with national progress, but we have to look at what has happened to the people and to the areas that we are concerned about. The facts are that in many of our more rural counties we have fewer people employed today than we had 20 to 25 years ago.

Senator CLARK. I would like to explore with you briefly the example I found very disturbing in the delta counties of Mississippi a year ago where as a result of improvements in the cotton plantation economy, the cottonpicker and the automatic weed sprayer, among others, thousands and thousands of illiterate field hands were thrown out of work. Efforts to find employment for them were largely unsuccessful because they were illiterate and there was great hunger and malnutrition of their children. There was no welfare system in the State worthy of the name, and I came out of there without any conviction that any of the present programs are going to solve that.

Of course they migrate to the cities in large numbers and when they get there there is nothing for them to do, and they have no available skill. What we are going to do about it.

Mr. BISHOP. This is exactly what is happening. Your assessment is quite correct. In these local areas where the economic base has been pulled out, the tax base is low, and social services are not up to par. We see evidence of inferior schools, or welfare programs, libraries, health facilities, and almost any service provided by local government.

What I am saying is we have not had the same kind of changes in the local government structures that we have had in the economics structure or in the social structure, and we are simply not able today with our small rural local governments to provide modern and needed services.

You are so right that people are leaving. They are leaving en masse. There is despondency in the rural areas, I think perhaps more that I have ever seen, and perhaps justifiably so. They are going to the cities en masse. We all know the story. We have seen the figures. Twenty-five to thirty million net since 1940 have left the farms, not to mention the little drying up economic shells of rural villages that exist, particularly throughout the Midwest and the Plains States.

What bothers me and what I want to speak to you specifically about is that poverty in urban areas is different from poverty in rural areas and it is in very fundamental respects.

Senator CLARK. I wish you would develop that. I am interested in your thought.

Mr. BISHOP. The urban people live in very concentrated locations. They are pretty well organized. They discuss their problems and leadership emerges and they become vocal and they become pretty effective in making their wants and their needs known and they get assistance. In the rural areas we have the really invisible poor, people who are sparsely settled, not organized; have no clearly identifiable leadership, are not very vocal in making their wants known, and who are getting very little assistance.

Senator CLARK. Don't you think the poverty program is awakening them in rural America as it clearly is in urban America? Don't you think generally speaking the rural community action programs and other poverty programs have been effective in creating that desire for political equality which they offer to serve as the basis for acquiring the other need.

Mr. Bishop. I think they have been helpful, yes, but I don't believe that they have been as effective in the rural areas as they have in the urban centers, nothing like it.

Senator Clark. Do you have any reason for that?

Mr. Bishop. Yes, I think part of it is simply an allocation of funds. If you want to make an impact you go where people are concentrated or you go where you can reach quite a few people with a given amount of money. We just must face the facts, you can do that better in the urban centers than you can in the rural areas.

Senator Clark. It is the same thing Speaker Unruh referred to. We tend to skim the cream off the top of the bottle because we can get better statistics that way.

Mr. Bishop. That is exactly right. That is the way the system operates. What concerns me of course is we are concentrating so much of our effort in the urban areas. Take a program such as the National Alliance of Businessmen, which is a very good program.

I think it is a program of the kind that we ought to have, but as I understand this program it is to operate only in cities initially of over 500.000 people.

Mr. Chairman, that means that no citizen in my State shall receive any benefits directly from that program.

Senator Clark. I agree with you and I am shocked at the concentration of programs in the larger cities of the country. As you know, I used to be the mayor of one of them, but it is just not right and I think it comes from sort of a scare complex because we haven't had very many rural riots.

Mr. Bishop. I think we might well have. You see, the way I get the message it goes like this: We are saying to the people in rural areas that "If you want some help you must move to the cities, the large cities, not just the small ones, because we are only going to help you if you are in cities of 500,000 or more population."

On the one hand we deplore the migration en masse of the people to the central cities and then on the other hand we develop programs which give assistance to people only when they move to these cities. So our Commission was concerned that we were following a self-defeating policy, if not a very dangerous policy.

Senator Clark. I think it is true that 43 percent of all the people living below the poverty level live in rural areas.

Mr. Bishop. Well, perhaps even more striking, you have more poor people living in the rural areas than you do in all the central cities and as long as this condition prevails you can't solve the problem simply by focusing on the central cities because every time you create jobs you are going to have a vacuum created and you are going to suck these poor people into replacing the ones who have been employed.

Senator Clark. I am prepared to assume you are right. What are we going to do about it?

Mr. Bishop. The obvious is to develop programs that are going to meet the needs of the people wherever they are. We can't get along with these arbitrary boundaries of saying we are going to help you only if you live in a city of 500,000 or more population.

Sure, the programs are going to be more costly in the rural areas. You are going to have to spend more money per person reached, but I think this is essential unless we are really bent on having people all live in large cities.

Senator CLARK. Of course you touched on something which disturbs me very much. In this subcommittee suppose we were to decide that you are completely correct and we give a strong orientation toward programs which will benefit the people in the rural areas. You admit they cost more money.

So then we get up and some of our right-wing friends on the floor will say, look at what you are doing. You are spending *x* thousand dollars to fix up rural poverty in North Carolina and on a per capita basis you are spending more for a poor sharecropper than it would cost him to send his son through a year of Harvard.

How do we answer that? This is a democracy.

Mr. BISHOP. It certainly is and I think what we have to do is look at the kind of incentives we are creating with the policies we have now and we say we don't like those. If we don't like those, the cost of them, we have to ask what the alternatives are, and if we are going to have people live in smaller cities we must provide an infrastructure which is consistent with industrial development in these smaller cities, provide jobs in those cities.

Senator CLARK. You are not speaking only for the smaller cities, are you? Aren't you speaking for the farmers, the rural people?

Mr. BISHOP. Yes, indeed, but I am concerned more about the long-distance migration than I am migration as such. I am concerned more about the people who move in search of hope only to find hopelessness, and I think we have substantial evidence that this is taking place in this country, particularly among people leaving the farms who are over 40 years of age.

Senator CLARK. Of course to some extent this is a problem for the local political structure, isn't it? In other words, North Carolina is certainly not like Mississippi but if you gave those people a real hope for developing their lives where they are right now, then the urge to go to the city wouldn't exist.

I am not saying the Federal Government doesn't have to help them, but I would suggest that in many of the Southern States the power structure hasn't been interested enough.

Mr. BISHOP. My view would be that we ought to have a nationwide manpower program, that you can't operate a meaningful manpower program just on a State basis. I was very much intrigued by the previous testimony. I hope something along that line might well materialize, but there are many differences among States.

Senator CLARK. Would you think that if we were able to frame legislation which would meet the California plan that Speaker Unruh developed that North Carolina would take advantage of it?

Mr. BISHOP. Quite possibly. I certainly share his view that there is need for effective coordination and planning of the programs throughout. How you are going to get it done I am not quite sure.

Senator CLARK. I do think in fairness I should say in my opinion North Carolina is way ahead of most of its neighboring States.

Mr. **Bishop**. Thank you, Mr. Chairman. You asked me more specifically how we might get the job done. You perhaps are familiar with the recommendations of the National Advisory Commission on Rural Poverty.

I shall just summarize some three or four of them for you here because I think they are very pertinent to this whole question of manpower.

First and foremost our Commission concluded that we have to do more to provide equal access to opportunity for people regardless of residence. There is too much of a tendency to classify people as farm people or rural people, or black people, or white people, or one religion or another religion and not to treat them as people. We felt that the time has come when you have to have equal access to jobs, medical care, health, vocational training, education programs, all across the board regardless of residence, or race, or what have you.

Secondly, we are very much concerned over income opportunity and income support programs. The Commission attached primary significance to employment opportunities.

This is the reason I speak in favor of your bill. Because we feel that there are vast opportunities for expansion of employment not only in the private sector, and your bill would provide jobs in the private sector, but also in the public sector. If there is anything that the poor really desired, as evidenced by the testimony before this Commission, it is a way to earn their own way, economic opportunity.

Senator **Clark**. How are you going to provide it?

Mr. **Bishop**. We recommended it be provided by the Federal Government standing ready to offer jobs to all who are willing and able to work at the minimum wage.

Senator **Clark**. Regardless of educational level.

Mr. **Bishop**. Regardless of educational level. This puts a floor, not a ceiling on earnings. The things we must avoid is placing a ceiling over people's heads. This puts a floor under their feet and not a ceiling over their heads. We would like to urge also, modification in some of the basic welfare programs. We know that there are people, and always will be people, in our society who cannot earn their own way. We are concerned that some of our programs discourage people from earning their own way.

People are penalized for working, and we should like to see some of our programs modified so that labor force participation is encouraged rather than discouraged. We therefore developed a proposal for modification in the welfare program to give a minimum income level, a very minimum income level, and above this provide for an earnings exemption before decreasing the level of public assistance.

Senator **Clark**. The same as we have in the social security program.

Mr. **Bishop**. The same general kind of thing. But after some minimum earnings exemption to encourage people to move into the labor force, then have a payback rate on public assistance of less than $1 per dollar earned, preferably not more than 50 cents per dollar earned so that we would provide additional incentives for people to participate in the work force and to earn their own way. I have a diagram in my presentation laying out how such a program might work.

Third, we were very much concerned about how we are going to structure this country so that we will get services available to the people in rural areas that will be comparable to those that people receive in the smaller cities and the larger cities of the country.

The regional development notion is a good one, as an ideal, but it ought to be extended to the entire Nation, not simply to the problem areas.

At the present time it is problem-oriented. We select a bit of geography and we say that it has some unique problems. So we organize counties or we organize States or parts of States together and ask them to develop a regional commission.

The strong point for a regional commission is as a planning device, as a quasi-governmental and governmental agency. We should extend this device to the entire country, then organize within these planning commissions area development districts. The Federal Government then subsidize the development of the infrastructure and should the location of industry in growth nodes so that employment opportunities would be provided near the people.

That doesn't mean that we would advocate location of industry at every crossroads. I think this is one of the things wrong with our current program. We are not concentrating our shots enough to be effective in some areas. We would advocate building of nodes or growth centers in small multicounty area development districts.

Senator CLARK. We have had a lot of experience with that under the area redevelopment program and it wasn't at all satisfactory. We have had very serious problems in Pennsylvania, particularly southwest Pennsylvania and in the hard coal regions of the northeast.

The experience was not entirely satisfactory because of the difficulty of finding a trained labor force. This I think should be even more difficult in a number of rural areas of the south. Would you comment on that?

Mr. BISHOP. Yes, I would. I think in the short run these are exactly the problems that I would expect to encounter. Over the long run if we are going to have a trained labor force we have to have services, education services, emanating from these growth centers, both general education and vocational education programs.

Senator CLARK. Thank you.

Mr. BISHOP. The fourth point that we emphasize was human resource development. We simply must do a better job in this country of preparing people for work. This runs the whole gamut: general education; training programs in rural areas with much greater emphasis upon nonagricultural vocational training; better testing and counseling programs, particularly beginning in the rural schools and relating those to the employment service so we get training for the kind of jobs that are likely to open up in the future.

The time has come when we have to embark upon a massive human reclamation program. We have had a land reclamation program and we had a need to improve and develop those resources, but now we have people who don't have skills, who are moving into areas where they want unskilled and semiskilled employment and we have to have some way of getting these skills fairly quickly. This calls for an emergency kind of program, a human resource reclamation program.

Senator CLARK. That is the phrase that California has given to their new department as you heard this morning, Human Resources, and I think it is a good slogan. How are you going to implement it?

Mr. BISHOP. Well, it could be implemented as Mr. Unruh suggested, through the States by coordinating the various programs. I think however that it will have to be implemented through Federal assistance.

I do not believe that the States with their present level of revenues, such as my State, for example, and I believe we put 74 cents out of every tax dollar in education——

Senator CLARK. I agree with all that but I am interested in specifics. What are the procedures going to be? So we have the plan and we have a program but what are the procedures? What are you actually going to do to aid a poverty stricken rural family in rural North Carolina?

You know it is so easy for us to talk in terms of slogans and we social scientists, I count myself as one, tend to develop our own jargon, but when it comes down to actually getting the rural poverty family in North Carolina up to some kind of a decent level of supportive maintenance I would question what are the specifics of your human resources program.

Mr. BISHOP. All right. Let me elaborate just a bit. I think first of all that the family in dire straits would have to have some welfare assistance. They have to have, as you said earlier, food, clothing, shelter, medical care, and then educational opportunity.

You can't get people very much interested in education if they are hungry, they are wet, and they are cold. We need a nationwide welfare program to meet those needs of the people, letting the States add to and supplement this program as they see fit, also letting the cities add to and supplement such a program as they saw fit, but a nationwide program providing the base.

Secondly, we felt that these programs for compensatory education, adult basic education, on-the-job training, vocational education, need to be coordinated into a system that would meet the needs of the people throughout their lives.

Too many of our programs at the present time are being conducted on a kind of a crash effort in the education area. We are behaving as if this is something that we are going to get over and that we won't have it any longer. I feel that our basic problems are going to be those of structuring institutions that can meet the needs of the people in different situations throughout their lives.

Senator CLARK. What you are saying in effect is and I am not necessarily disagreeing with you, that there are millions of people in the United States and always will be whom government will have to take care of from the cradle to the grave.

Mr. BISHOP. That is right. But I would hope we could do that in a way that would not discourage those people and would help them as much as we could.

Senator CLARK. You would also say, wouldn't you, that with appropriate plans and programs and procedures we could significantly decrease the number of those people the government has to take care of from the cradle to the grave.

Mr. BISHOP. I think this is one of the main problems that we face, to allow them to breag through the cycle. We have people in my State and in your State who have been on public assistance for generations.

Senator CLARK. Three generations.

Mr. BISHOP. Yes.

Senator CLARK. Father, son and grandson, all on relief.

Mr. BISHOP. We would like to break through that by providing more effective programs of human resource development, particularly for the benefit of dependents. I believe that is a necessary condition for breaking through.

In areas where we cannot provide or do not have employment opportunities for people I think we need to do much more in terms of providing relocation assistance for people.

I was pleased to see that in one of your bills you have recommended an extension of the relocation assistance program of the Department of Labor. We have not been willing to look at migration in a rational sense in this country. We think only in terms of extremes, of everyone living in a mass metropolitan area or of keeping them all back on the farm. The truth is that the real opportunities lie in between these extremes.

So I was pleased to see that you are recommending an extension of that relocation assistance program.

I would argue for at least a pilot program for reception centers, for guidance counselors in cities and for more housing programs for people who are moving in. I believe that the real evils of migration as they exist at the moment are in terms of long distance migration, the massive movement across the country, but we haven't given people any alternatives.

While we have had the most massive movement of human resources ever recorded in history we have done nothing to help them. We have given them no guidance. We have given them essentially no information about conditions in cities to which they were going or employment opportunities. Then, we wonder why we have some of the problems that we have today.

I would like to put in a plug therefore for an expansion, an extension of the relocation assistance program to effective counseling and guidance and hopefully out of this we could change some of the migration patterns.

In my State, for example, we are trying to get people to move to Piedmont from the coast rather than moving up the coast to Washington, Philadelphia, and New York, moving into areas where we have a labor shortage within the State.

Mr. Chairman, in the time that I have left I would like to say that as a member of the National Manpower Advisory Committee I have been very much impressed by the effective research program that we are getting initiated under the Manpower Development Training Act.

You, I am sure, are much more aware than I of some of the research that has come out of this program at Norfolk State which helped to bring about amendments to this program, paying training allowance for 17-and 18-year olds and allowances for basic education.

You are familiar with the study on Negro apprenticeship training which resulted in the Department of Labor developing a much more effective outreach program to bring minority groups into apprentice training. I am sure that you are familiar with the Selective Service rejectee program and how this has helped to gain insights into the training needs of young men who were disqualified for military service.

The research grants program that was recently made possible has made a significant step forward in giving us the necessary research personnel to establish meaningful programs in this area.

There has been a sound foundation developed, but we still have the big road ahead of us. We are still concentrating, and properly so at the moment, on emergency kinds of things like trying to find employment opportunities for the hard to employ. We need to think in more of the long term more fundamental questions of upgrading human skills, mobility assistance programs, alternative patterns of growth, such fundamental questions as where people are going to live and where they are going to work in this country of ours in the future.

Such questions as these really underscore the need for a vastly expanded research effort in this general area.

I thank you, Mr. Chairman, for your kindness in permitting me to come here this morning and testify on what I regard as some very fundamental problems in our country.

(The prepared statement of Mr. Autry follows:)

PREPARED STATEMENT OF GEORGE B. AUTRY, EXECUTIVE DIRECTOR, NORTH CAROLINA MANPOWER DEVELOPMENT CORP.

The North Carolina Manpower Development Corporation appreciates this opportunity of submitting its views to the Subcommittee. MDC is a private, nonprofit corporation chartered under the laws of North Carolina. Our purpose is to work closely with industry and with existing agencies to build a model manpower system for the state—to experiment with and develop new ways to eleminate unemployment and create a stable work force. In doing this we hope to spin off to existing agencies those new methods and techniques in everything from outreach through training to placement. The end result is intended to be a model manpower system which can be duplicated in other states and, ultimately, nation-wide.

The Corporation was originally conceived by the National Association of Manufacturers and The North Carolina Fund in the conviction that the ultimate solutions to manpower problems in a free-enterprise system must come from within private industry. Principal funding is from the E & D branches of OEO and Labor. In addition, we have the benefit of continuing advice and technical assistance of NAM.

Our Board, under the Chairmanship of Luther Hodges, Jr., includes strong representation from business and industry, as well as from government and the poor themselves.

We have been operational for only a few months, and we cannot yet claim the knowledge or experience to testify in detail on S. 3063. We can, however, state without reservation that Title II, regarding the involvement of private enterprise in the attack on unemployment, is well conceived and essential to the purposes of the legislation. It has been North Carolina's experience and that of the Nation that the exclusive efforts of government—no matter how massive—are inadequate to the task of eliminating unemployment.

So, too, can we testify that the mandate to concentrae on the problems of all the poor—rural as well as urban—is an indispensable ingredient of the bill. It is, in fact, to the present Federal preoccupation with the Nation's largest cities that we wish to direct this testimony.

We do this in connection with the Subcommittee's responsibility of legislative oversight as well as in relation to the measure under consideration.

As the Subcommittee knows, more than 350 million dollars are currently being diverted to the National Alliance of Businessmen in an effort to create new jobs in the ghettos of the fifty largest cities. Although the program is too new to be evaluated, it is already clear that it is in the hands of excellent administrators who are using the resources of industry to tackle one of the Nation's pre-eminent domestic problems.

It is our conviction, however, that the program will ultimately fail in direct proportion to its success. And because Congress never authorized the program, and because some of the funds must have necessarily come from appropriations earmarked for other programs both in and out of the fifty cities, we strongly urge that this Subcommittee carefully examine the paradox which the program poses.

There is something of an unconscious, if understandable, immorality in the not-so-tacit policy of concentrating assistance to the poor where riots have occurred. The poor of the 51st largest city are no less deserving than those of the 50th; and poverty should be no less our concern in Roxboro, North Carolina, than it is in Roxbury in Boston.

Further, this total fire extinguisher approach is hopelessly short-sighted. Though fire extinguishers are clearly necessary, it is just as clear that countless more will be needed if aid to the poor of cities having had riots is emphasized to the exclusion of other people whose plight is equally as desperate. The farm worker displaced by mechanization in North Carolina and without basic education and industrial skills is not so insulated that he cannot see that disruption produces results.

The migration patterns to the North are well established, and word of conditions there quickly reaches back to the South. When new jobs are created by the National Alliance of Businessmen, there will be two new migrants for each opening. A bigger ghetto can be the only result. This has apparently already happened in Detroit where massive hiring of hard-core unemployed by industry has been rewarded with a higher unemployment rate.

Yet in the vain hope that the social malady of unemployment can be attacked in its final expression, the Administration, which created the NAB and gave it direction, has concentrated its entire effort on fifty cities. Consequently North Carolina, the biggest current feeder state to the northern ghettos, is left with no money to attack the disease at its source. It is perhaps merely parochial for North Carolina to mourn the progressive diminution of its most precious resource—its labor supply. But surely this concern bears startling national implications when it can be demonstrated—as it can—that the end result of this out-migration is unproductive and embittering idleness. The people North Carolina needs and wants are worse than useless to New York City and Baltimore.

The Chairman of this Subcommittee has estimated that the Nation has 4.4 million hard-core unemployed. The Department of Labor has estimated that only 500,000 hard-core unemployed live in the Nation's fifty largest cities. Secretary of Agriculture Freeman has reminded us that between 500,000 and 600,000 persons continue to migrate from rural to urban America each year. If nothing is done about the masses of rural poor—and nothing is contemplated in the National Alliance of Businessmen program—will we not simply continue to feed the urban ghettos of the North with untrained, penniless migrants? And what sense will it make to try to create jobs for them then in cities where there are insufficient jobs for the people already on hand?

In the 1950's alone some 300,000 North Carolinians left the state. Although the flow has slowed in the 1960's, approaching tobacco mechanization is expected to further thin out the ranks of agricultural workers.

North Carolina is the most populous of the predominantly rural states in the union. Three of the five million people who make this the 12th most populous state in the Nation live in rural settings. Only three counties in the United States have farm populations of more than 40 persons per square mile, and all three are in the tobacco belt of North Carolina. If nothing is done to prepare this agricultural population for the transition to urban life, thousands and thousands more will abandon their tobacco shares and beat the well-worn path north to economic dependence in an alien setting.

The sad thing is that North Carolina and, I suspect, other states like her, has jobs a'wasting. In the ten-year period from 1958–67, total investments for new and expanded industry in North Carolina were $3.75 billion, more than any other state in the South. Industrial expansion in 1967 alone created jobs for 24,774 persons. But the rural poor of this state cannot fill these jobs without training and without preparation for the new life that factory or office work promises.

This is, in human terms, why the National Alliance of Businessmen should rethink the total problem and recognize it not as an "urban crisis" but as a national challenge, one that must be faced in all its ramifications if we are to deal successfully with any.

But if this continuing blind pragmatism cannot be stopped, we reluctantly call your attention to the 19 North Carolina cities (more than any other state) where civil disruption occurred following Dr. King's assassination. There were no deaths in our state. That suggests, perhaps, that the intensity of the conflict was not so great, that maybe we have more time. But if fire extinguishers are the only item on the menu, we need our own. And according to the Raleigh *News and Observer*, a majority of the first 119 persons booked following the outbreak of rioting here in the Capital were natives of the Carolinas. We would all be better off if these people could have found productive jobs back home.

This is the conclusion of the President's Advisory Commission on Rural Poverty in its excellent study "The People Left Behind." The conclusion has been reaffirmed eloquently in a serious of articles under the same title, written by Dwayne Walls and James K. Batten and appearing in *The Charlotte Observer* last month.

The conclusion has been strongly endorsed as well by the Secretary of Agriculture, Vice President Humphrey and the President himself, all men who know and understand rural poverty and its relation to the so-called urban crisis. Yet the action prompted by this knowledge—the fifty cities program of the NAB—has not matched the rhetoric.

Traditional, uncoordinated programs administered by existing agencies, well-intentioned and even well-financed, are not the answer. What is called for is a massive program of human reclamation using the apparatus and strategy of an organization like the National Alliance of Businessmen but hampered by fewer restrictions on imagination and procedure; in short, a nation-wide, coordinated effort by business and government to reach and motivate all those with undeveloped or untapped talents and skills.

This appears to be the approach of S. 3063. It is the approach taken by the North Carolina Manpower Development Corporation as well.

In Greensboro, we have sponsored a pilot center where the hardcore unemployed receive ten weeks of intensive training in basic literacy and mathematical skills and in motivation and adjustment to the industrial environment. In this labor-shortage area, industry is pleased to provide the skill training to willing workers referred from our center. In that center we are presently training people from rural Eastern North Carolina used to farming tobacco according to the sun to work according to the clock for the first time; Indians unused to urban living or the regimentation of industry; and semi-literate or totally illiterate whites and Negroes with a history of dependence on welfare.

It's a demanding job; in fact, of all our manpower problems, reclaiming dormant human resources is the most challenging. But the experiment is working. People who had never advanced a grade level in nine months of public school are advancing one to four grade levels in ten weeks at the Manpower Development Center. More important, people previously on welfare without the confidence or motivation to get off are now performing jobs, paying taxes and taking advanced skills training.

MDC is, also, on a limited scale, moving the rural poor, who would otherwise be going north, to the labor-shortage area of North Carolina instead. This is an ambitious idea—a social transplant, but farther along in development than the heart transplant. What is needed now that the utility of the program has been proven is funds for assimilation of it into the total manpower process. At the moment, it runs the risk of being lost in the frenzied, fragmented, and uncoordinated activities of the lumbering federal bureaucracy.

Even before the Riot Commission recommendation, MDC was well into development of a computer system whereby people with little education and few skills can be matched to jobs. We've found that the by-products of this computer system may prove as exciting as the potential for actual matching. Chief among these by-products is the system's unlimited capability as a filing bank for all agencies concerned with manpower and its ability swiftly to reply to requests for information and statistics on the unemployed which are invaluable to industry—age, education levels, location of people, and training needs.

None of these programs is cheap, and funds are limited, for our program and for others in the state. It is impossible under present financing to do more than demonstrate what might be done in a state like North Carolina with sufficient funds.

Senator Clark's proposal would reach these rural and small-city unemployed in North Carolina and across the nation. It would broaden the present scope of the NAB program to offer productive alternatives to the millions of Americans who merely exist on farms and in small rural towns. If it were tied to a comparable effort on the part of industry, it would constitute the first national, coordinated assault on the complex social malaise that is oversimplified into the single word unemployment.

Mr. Chairman, on behalf of our Chairman and Board of Directors, I appreciate the opportunity of submitting this statement. I would like to submit also for the record the series of articles which I mentioned from *The Charlotte Observer* entitled "The People Left Behind."

(The articles referred to may be found in the files of the subcommittee.)

Senator CLARK. Thank you very much, Mr. Bishop. It has been a pleasure having you with us and your testimony has been of great help to the subcommittee.

The subcommittee will stand in recess until Monday morning at 10 a.m.

(Whereupon, at 12:10 p.m., the subcommittee recessed to reconvene at 10 a.m., Monday, May 13, 1968.)

EMPLOYMENT AND TRAINING LEGISLATION—1968

MONDAY, MAY 13, 1968

U.S. SENATE,
SUBCOMMITTEE ON EMPLOYMENT, MANPOWER AND POVERTY
OF THE COMMITTEE ON LABOR AND PUBLIC WELFARE,
Washington, D.C.

The subcommittee met at 10 a.m., pursuant to recess, in room 4232, New Senate Office Building, Senator Joseph S. Clark (chairman of the subcommittee) presiding.

Present: Senator Clark, presiding.

Committee staff members present: Michael W. Kirst, professional staff member and Robert E. Patricelli, minority counsel to the subcommittee.

Senator CLARK. If you gentlemen are ready the subcommittee will be in session.

Our witnesses this morning are Mr. Malcolm R. Lovell, Jr., director of the Michigan Employment Security Commission; and Mr. Alfred Green, the director of the New York State Employment Service.

If you gentlemen would be willing to appear as a panel I think we could get at this a little more effectively.

I have a very interesting statement from Mr. Lovell which I will ask to have printed in the record in full at this point.

(The prepared statement of Mr. Lovell follows:)

PREPARED STATEMENT OF MALCOLM R. LOVELL, JR., DIRECTOR, MICHIGAN EMPLOYMENT SECURITY COMMISSION

Gentlemen, I am pleased and honored to have this opportunity to apear before you today.

For the past four years I have been actively and intimately involved with the operation of poverty and manpower programs in the State of Michigan.

I will speak specifically on the legislation which is before you today and will comment on its component parts. I will also speak on the relationship of proposed legislation to existing programs and to the coordination of our various federal and state manpower efforts.

NEED FOR JOBS

Senate Bills 3063 and 3249 both deal with the problem of creating jobs for those who are finding difficulty in obtaining work in a relatively prosperous economy. I am sure that you have heard from many distinguished economists about the nature of the economy, of poverty amidst plenty, and rampant unemployment in certain areas at the same time many employment opportunities are going unfilled.

In simple terms, we are faced in this nation today with the problem of large concentrations of inexperienced, unskilled and frequently unmotivated people in certain urban and rural areas who cannot find employment in meaningful work.

I, therefore, support in principle the need for new programs aimed at the creation of jobs for the disadvantaged in both the private and the public sectors as well as recommending the expansion of certain current programs.

I am frank to say that I do not envy the job Congress has this year of finding the extra $2 billion required by Senate Bill 3063, or the extra $1 billion required by Senate Bill 3249, to say nothing of the $4 billion called for in House Bill 12280. I know that it is easy enough to say that the money is needed. I also realize when you have the additional responsibility of raising the money that the problem takes on a different perspective.

But as I look ahead over the next five years, I am convinced that this country must seek more imaginatively and vigorously to provide employment opportunties for all our citizens if we are to survive as a democracy. Having confidence in the good judgment of the United States Congress, I believe additional funds will be forthcoming, if not this year, certainly after the conclusion of the Vietnam war.

With that assumption, therefore, I would like to address myself not to the question of amounts of money, but rather to the kinds of programs that are needed and to the overall organization of our national manpower effort. We have now had several years' experience with the operation of manpower and antipoverty programs, and I believe it would be worthwhile in considering the expansion of this effort to look for a moment at the effectiveness of our coordinating mechanisms.

COORDINATION OF EFFORT

I should like to raise the matter of coordination of effort because we have lacked coordination in the past and no major improvement is in sight.

We have seen a proliferation of programs and of top-heavy administrative staffs who frequently work at cross-purposes with the objectives of other agencies with whom they should be cooperating. I am not the first to raise the point that much greater coordination than now exists is needed and I am sure that I will not be the last. I am not the first to point out that piecemeal attacks are far more unlikely to produce noticeable results than coordinated efforts. At the risk of repeating a many times told tale, I must emphasize that coordination of effort is probably the most important improvement that is needed in the administration of our manpower efforts and our war on unemployment and poverty.

The rivalry between our cities and our states in the administration of our manpower and anti-poverty efforts adds a further complication to the administration of this legislation. Our big cities obviously must play a major role. Politically they are in the best position to reflect the needs and concerns of our disadvantaged citizens concentrated in our large urban areas. The states must also play a role. Those portions of the metropolitan areas which are outside of the central cities have severe manpower problems with which our large cities are not in a position to deal. The problems of rural areas cannot be dealt with on a city-by-city basis and require the administrative capabilities which only the state can offer. The role of both city and state in these programs needs to be recognized and delineated by Congress.

Coordination is not achieved by moral persuasion. It is effective when the coordinator has authority to approve or withhold funds.

At the present time the presumed sponsor of many of our manpower programs is the Community Action Agency acting in its role as prime contractor for the Concentrated Employment Program (CEP). Operating outside of this framework is the Model Cities Program, Neighborhood Services (one-stop center) Program and many of the activities of other federal, state and local agencies working in the manpower field.

Finally, there is the Comprehensive Area Manpower Area Planning System (CAMPS), spearheaded by the Department of Labor and endorsed by the Secretaries of the major cabinet departments having manpower responsibility. The CAMPS Program was promulgated to coordinate the manpower and training functions of all the above mentioned groups, which themselves have coordinating responsibiilty. It was given no authority, no muscle, however, and has become an after-the-fact information gathering system. I beileve, however, that the CAMPS concept adequately strengthened represents a better vehicle as the presumed sponsor for all of our manpower effort than the CEP, the Community Action Agency, or any other system or agency.

By and large Community Action Agencies have become operating agencies and have frequently neglected the responsibilities of coordination and evaluation. Even where the Community Action Agencies have been successful in their role as coordinator, it has been within the boundaries of established cities. Peripheral areas of unemployment and poverty have been neglected. Neither is the employment service an ideal coordinating unit. As a line agency it is not in a position to preside over the distribution of funds among other government groups and private interests operating in the manpower field.

I will discuss my specific recommendations regarding the role of state and local CAMPS committees later in my testimony.

I believe that it is time for the United States Congress to take another look at this question of coordination and make some futrher decisions as to how coordination is to be achived, both at the federal and local levels.

INADEQUACY OF DATA ON THE NATURE OF THE DISADVANTAGED

Fundamental to the question of encouraging the creation of jobs for the unemployed and disadvantaged is the nature of the individuals that comprise this group. We frequently speak of the disadvantaged as if they were a homogeneous group. As you know, they are highly heterogeneous. I continue to be appalled that we would spend even $2 billion a year on programs to encourage the more effective employment of the disadvantaged without a well organized and systematic effort to identify who they are, what their needs are and what their capacities are. It is true that much has been written about them. Ad hoc surveys have been made in numerous areas, but our national data collecting system has continued to ignore this responsibility.

At the present time there are very serious information gaps in respect to planning new programs and evaluating the operation of on-going programs. We have a great deal of data on the characteristics of the national labor force, which is made available in the *Monthly Labor Review* by the Bureau of Labor Statistics. Because of the small size of the sample, reliable information on the characteristics of the unemployed pool in a single labor market area, or even in a state, are not available from this source. The BLS sample should be greatly expanded. I think the recommendation of the Gordon Committee that the sample be enlarged ten-fold should be implemented. We need to know the answers to a great many questions to which we can only now give educated guesses. How many unemployed Negro youth are there in the Detroit core area, for example? What is their status in terms of their relationship as a primary or secondary wage-earner in the household? How many of the recent in-migrants into the major cities are unemployed, and what do they need in the way of supportive and rehabilitative aid to make them employable? How many women with small children need day-care facilities, so that they can become self-supporting? In order to measure progress we need this data on a regular basis.

Before getting into specific comments about the legislation currently before you, I would like to make a few general comments about the role of the federal-state employment service and its effectiveness in dealing with problems of manpower and poverty. As you may have heard, the employment service at both the national and state level is undergoing considerable change. I am sure you are also aware that even minor change in governmental bureaucracies does not come easily. The change taking place in the federal-state manpower system is, therefore, quite an achievement. The efforts of the Manpower Administration in bringing together the various bureaus into a workable team are finally bearing fruit. At the state level, decisions are being made daily which are resulting in greater attention to the disadvantaged. We in Michigan have defined serving the disadvantaged as our major role, and we are laboriously reallocating our resources toward this goal.

Federal-state employment security relationships, which have historically involved administration of unemployment compensation, with the federal and state people being in adversary roles, are beginning to reflect the changing nature of our responsibilities. Today in the Urban Affairs Committee of the Interstate Conference of Employment Security Agencies federal and state people are beginning to plan together as to how our joint responsibilites can be carried out more effectively. There is recognition on the part of both federal and state people that each has a vital role and that cooperative efforts are vital if we are to achieve our common goals.

I would now like to make a few comments about several of the bills which are currently before this Committee.

COMMENTS REGARDING S. 3063

Senate Bill 3063 calls for the creation of jobs in fiscal 1969 for 300,000 persons in public service and for 150,000 persons in private enterprise, at an estimated cost of $2 billion.

Over a four-year period, 2,400,000 people would be employed at an estimated cost in excess of $10 billion.

It would seem to me that at the same time as we embark on an effort of this magnitude, conventional MDTA appropriations (further adjusted to provide training only for the disadvantaged) should be substantially expanded beyond the President's recommendation.

Parenthetically, the President's request for $211 million for institutional training and $108 million for on-the-job training seems to me woefully inadequate. This is particularly true when one realizes that in fiscal '68 we had a considerable institutional training override from previous years not available in 1969.

No program in the manpower field has achieved as much as institutional MDTA and, after over four years' experience, results should further improve.

I believe we should devote half of any new appropriation in the manpower field to expanding our MDTA efforts, divided equally between pre-placement training and post-placement training.

It might also be wise to require a rather comprehensive report on the first year's results under both Title I and II before authorizing the expansion of the effort to the goals of succeeding years.

As an aside, jobs are by no means the sole answer to our urban crisis. A substantial number of people arrested during the 1967 Detroit riots were employed. The typical individual apprehended was a blue-collar worker in a manufacturing plant where he earned about $120 a week. Although currently employed, he had experienced more than 5 weeks of unemployment in the past year. Although I am in the manpower business. I have been forced to recognize that available resources need to be divided among improvements in our K-12 educational system, low-cost housing and rent subsidy programs and improved health care, as well as job creation.

TITLE I—COMMUNITY EMPLOYMENT AND TRAINING

I would, first of all, like to support the principle of providing meaningful public employment opportunities in community service and development and related activities which will relieve severe unemployment and underemployment in both urban and rural areas.

The program for public service jobs contained in this title would be administered to the extent practicable through the prime sponsor recognized under part B of Tile I of the Economic Opportunity Act, in most cases the Community Action agency. Although the Community Action agency now serves in this role for the Concentrated Employment Program, I would like to suggest an alternative which this Committee might wish to consider.

Over the past several years in every metropolitan area of the country and in numerous rural areas and in every state, Comprehensive Area Manpower Planning System (CAMPS) committees have been established at the request of the secretaries of the major federal departments having manpower jurisdiction. These committees have no legal status and, as mentioned above, no "muscle" to do any more than report what has already transpired. CAMPS committees, however, both on the metropolitan level and on the state level, could easily be organized under state laws as non-profit corporations with the auhority to act as prime contractors under federal manpower and poverty programs. Representatives of the federal government could serve on the Board of Directors of these corpoations, as could the Govenor of each state or his representative and the mayors of the various cities in each metropolitan area. In addition, representatives of labor, industry and various community groups could become members of the governing body.

CAMPS committees on a metropolitan basis could become the prime contractor for the community employment and training program, subcontracting pieces of the program to other agencies, much as is contemplated that the Community Action committee or CEP would do under the current wording of the bill.

The primary differences would be two-fold:

(1) The local CAMPS committee, instead of representing just a city, would represent a metropolitan area.

(2) The CAMPS committees would not directly operate any program. They would subcontract various programs to Community Action agencies, the employment service, the school system, private non-profit groups, etc. It would also have the responsibility for evaluation and audit to see that the subcontracts were carried out as intended.

Stealing a thought from Senator Javits' bill, I would like to recommend that the monies be allocated to various metropolitan committees in the following fashion:

(1) The Secretary of Labor be authorized to allocate no less than 60% of the total funds available to state CAMPS committees, to be distributed by them to metropolitan CAMPS committees under a state plan which would first be approved by the Department of Labor.

Such plans would require 75% of the funds allocated to the state CAMPS committees be distributed to metropolitan CAMPS committees, the remaining 25% of the funds being subcontracted directly by the state committee to agencies and groups within the state not covered by local CAMPS organizations.

The 40% of the appropriated funds not allocated according to this formula would be meted out directly by the Secretary to areas of special need and to augment programs developed by local CAMPS groups which have demonstrated their particular competency.

Section 101 (a)(2) of Title I states that "such programs shall include activities designed to assure that persons employed in such jobs are provided opportunities for further education, training and necessary supportive services so that they may be prepared to obtain regular competitive employment in the future. For this pupose not to exceed 20 per centum of the funds appropriated under this Act may be used by the Secretary for the purpose of carrying out training programs under the Manpower Development and Training Act of 1962, Part B of Title I of the Economic Opportunity Act of 1964, and other relevant federal training programs if he determines that this is the most effective method of providing for the activities authorized by this paragraph."

I believe this provision could be revised to permit funds under this Act to be used to provide orientation and training *prior* to an individual being placed on a job as well as for post-employment ancillary services and training.

Everything we know about the nature of the disadvantaged today suggests that some orientation and some skill training are needed prior to placement to provide a "leg up" in the job market. Irrespective of the nature of the individual's employment handicap, orientation and training especially designed to meet the needs of each individual will substantially enhance his opportunities to further develop once he is on the job. As sympathetic as many public and private non-profit employers are in today's society, most of them are ill equipped to provide the kind of individual instruction and orientation as is needed by many of our disadvantaged citizens. The funds currently allocated under the Manpower Development and Training Act are grossly inadequate to meet the pre-employment training needs of our ghetto area residents and the rural poor. Furthermore, the method of annual appropriation is ill-suited to the maintenance of an ongoing program.

TITLE II—PRIVATE ENTERPRISE EMPLOYMENT AND TRAINING

I heartily subscribe to the need for encouraging involvement of the private sector in providing job opportunities for the disadvantaged.

This bill gives legislative sanction to the President's "JOBS" program.

Since MA–3 contract submissions are not due until May 15, 1968, no one at this time can accurately estimate industry's interest in being reimbursed in the manner prescribed in the "JOBS" program and in this legislation.

Our experience to date in Detroit, however, suggests (1) that most large firms are prepared to make a rather substantial contribution to employing and training the disadvantaged without federal reimbursement; and (2) that medium-size and smaller firms would rather the disadvantaged individual be brought up to minimum standards *before* he is placed on the job rather than after. Recent meetings with city and regional "NAB" representatives suggest that point 2 above pervades the thinking of business leaders throughout the nation.

This further supports my recommendations to substantially increase the MDTA appropriation.

The "NAB" effort so far has demonstrated the concern of private industry in the resolution of our problems of unemployment and underemployment. The enthusiasm with which business leaders across the nation have addressed themselves to this problem has been exciting and encouraging. But this has been been the first experience of government and business cooperation on a major scale in this area. Much will be learned. Congress should keep an open mind to new directions as the partnership between business and government becomes more experienced.

Again as an aside, I think it needs to be stated that whereas in the public sector we are creating new jobs, in the private sector we are not. Our efforts here are to give special consideration to those who have historically been "at the back of the line," but not materially to alter the total supply of jobs.

Section 202 of Title II provides that "The Secretary is authorized to provide financial assistance to employers for training and employment costs incurred pursuant to a plan approved by the Secretary under section 203."

I believe that additional provisions should be included which would require the Secretary to allocate a certain portion of these funds through local coordinating bodies, such as the state and metropolitan CAMPS committees recommended above.

Section 203 states that "no financial assistance shall be provided under this part except upon approval by the Secretary of a plan submitted by an employer which shall be revised from time to time as requested by the Secretary * * *."

This plan would require data regarding the jobs for which participants are to be trained, the length of the training period, a schedule of job operations to be performed by the employee, the number of hours of supplemental related instruction required, and other information on wages, etc.

The requirements of this language suggest that training programs for the disadvantaged can be developed before it is known which disadvantaged person is to be trained. Industry may find this a difficult requirement to meet.

TITLE III—GENERAL PROVISIONS AND LIMITATIONS

I generally subscribe to the provisions contained in Title III of this Act. I believe that Section 304 on Evaluation is particularly important. As I will state later, I believe that Title VI of Senate Bill 3249, sponsored by Senator Javits, has some excellent provisions in this regard.

COMMENTS REGARDING S. 3249

I have already commented on the need for more detailed labor supply information. I believe that the provisions contained in Title I, Section 106, are vital to the establishment of a sound manpower program.

Job vacancy information in the past has proved to be most elusive. With modern computer technology I believe that we can make important inroads that were not possible in the past. As you know, federal-state B.E.S. teams are working closely with the Auerbach Corporation to develop an automated job matching system for the employment service. Michigan is one of the model states and our most optimistic forecast is that it will be completed in Michigan within two years. I suspect it will be 3 to 5 years before it is completed on a national basis. Nevertheless, I agree that it is a matter of top priority if we are to do the job that needs to be done in finding significant employment opportunities for all of our citizens.

At the present time the federal-state employment service fills about 17% of current job vacancies. With the computerized program I suspect that our improved service would encourage more substantial listings.

The question of compulsory listing with the employment service I know is a highly controversial one. I do not see, however, how meaningful job vacancy data can be gathered on a regular basis without some requirement of job listing with the employment service.

If the purpose of the job vacancy survey is to more acurately determine training and educational requirements of jobs for long range planing purposes survey techniques could be effective. If the purpose, however, is to fill current job openings with individuals currently seeking employment, compulsory listings would seem to be required. I am not recommending compulsory job listing with the employment service but merely raising the question as it affects the accumulation of job vacancy data.

I am not unfamiliar with the concern of private agencies with the role of the federal-state employment service. The growth of private agencies over the last decade has clearly demonstrated their capacity to serve the economy. I see no threat to their survival with or without a system of compulsory listing of jobs with the federal-state service.

TITLE IV—COMMUNITY SERVICE EMPLOYMENT PROGRAMS

In respect to Section 403(b), I would again like to recommend the formula for allocation to the states contained in my comments regarding Senate Bill 3063. Similarly in respect to Section 404(a), I would like to recommend that the Secretary have the alternative of allocating these funds through the CAMPS committees as recommended above.

Section 405 authorizes the Secretary to provide financial assistance through a prime sponsor to both public and private organizations working in a community service field, and also authorizes funds for training and supportive services for people so employed.

I would like to recommend here, as I did in my comments on Senator Clark's bill, that embarking on a program of job creation of this character without providing additional conventional MDTA funds for pre-orientation and training would be a serious mistake. Again, I would like to see half of any such authorization be available to the Secretary and the prime sponsors for use in pretraining, if in their judgment this seems the most desirable course.

I believe the purpose of providing meaningful employment opportunities in community service occupations for disadvantaged people is sound.

CONSOLIDATION OF COMMUNITY SERVICE EMPLOYMENT PROGRAMS AND COMMUNITY EMPLOYMENT PLANS

Section 409 represents an effort to promote consolidation and coordination of community service employment programs.

It requires the Secretary of Labor to assure that the prime sponsor in any eligible area receives all federal funds available for community service employment programs in such area.

Section 404(b) states that "A prime sponsor recognized under the provisions of section 122 of the Economic Opportunity Act of 1964 shall be deemed to be the prime sponsor for its eligible area for the purposes of this title."

Such a prime sponsor would in most instances be a Community Action agency. I would like to recommend that whenever possible a prime sponsor represent a state or metropolitan area and that it also have no operating responsibility. I refer again to my remarks above in this regard made with respect to Senator Clark's bill.

Section 412 authorizes the Secretary to "establish procedures, pursuant to regulations issued by him to give preference to qualified participants in community service employment programs assisted under this title for entry into programs operated by him offering on-the-job training and employment opportunities in the private sector."

I believe this is an important and worthwhile goal. What has happened in many of our Community Action agencies, however, is that disadvantaged individuals hired to perform services in these agencies have looked upon this work as their lifetime goal and have sought seniority and upgrading procedures to insure their employment.

The transferring of such individuals from the relatively protected environment of public employment to the more competitive world of private enterprise will not be easy.

Section 411(d) states that "Federal financial assistance to any program or activity authorized under this title and carried out by a public agency or private nonprofit organization shall not exceed 90 per centum of the cost of such program or activity, including costs of administration." It then goes on to say that "Non-Federal contributions may be in cash or in kind."

Where local areas are required to contribute, I would recommend that "in kind" contributions be abolished. In our experience, the acceptance of in kind contributions is only a subterfuge to permit state and local government agencies to participate even if they are unable to meet the partial financing requirements, and have very little effect on the costs of the programs to the federal government. I think we should recognize his situation frankly as it exists, and permit 100% federal financing in cases where it is obviously impossible for the local administrative agency to contribute to the cost of a project.

TITLE V—ECONOMIC OPPORTUNITY CORPORATION

The organization of the National Alliance of Businessmen has indicated a depth of interest prevailing in the business community in the social problems of our time.

This title provides for the establishment of a private, nonprofit corporation to facilitate and assist the participation by the private sector in public and private manpower training and anti-poverty programs.

If, in the judgment of American business, the creation of such a corporation would facilitate its meaningful participation in our country's overall manpower and anti-poverty programs, I believe that this legislation should be enacted.

I do not believe that this title proposes, nor would I recommend, that such a corporation be the vehicle to allocate substantial federal funds to the private sector. As an advisory and technical assistance group, however, the concept seems to have considerable merit.

TITLE VI—EVALUATION AND OVERSIGHT STUDY BY THE COMPTROLLER GENERAL

This title provides for a continuing evaluation and review of all job training, work experience, and employment programs conducted or financially assisted by the United States.

I believe such activity on the part of the General Accounting Office would be a positive contribution to our current efforts.

Little attention has been paid to whether the programs are achieving their goals and, in many instances, goals have not been clearly defined.

If I were to single out a single failure in the manpower and anti-poverty efforts, it would be this lack of program evaluation and the unwillingness to divert money from unsuccessful efforts to the more successful.

AMENDMENT TO SENATE BILL 3249 ADDING TITLE II—PRIVATE INDUSTRY EMPLOYMENT INCENTIVES

The purpose of this title is to encourage the employment of disadvantaged individuals by amending the Internal Revenue Code to provide tax credits to those corporations employing individuals deemed by the Secretary as having serious employment difficulty.

The merits of this proposal are in the relative simplicty of its operation since complicated contracts with the federal government would not be involved. Such a proposal recognizes that the nature of the training needed by any disadvantaged individual will vary from person to person but that some reasonable estimate of average costs to make him a productive employee can be arrived at.

This title limits the total tax credits with respect to any employer to $25,000 plus 50% of the tax liability above $25,000. It also limits the percentage of the total number of disadvantaged employees by the size of the employer's work force.

In spite of these restrictions the major difficulty of this concept is that it could permit employers to obtain tax credits for certain individuals whom they would normally hire.

For example, the automotive industry in times of a tight labor market has always hired a considerable number of individuals who under today's definition would be disadvantaged people. Smaller companies, such as car washers and many service trades, are in similar positions.

It is conceivable that certain less socially-oriented employers might reduce their labor costs in half without substantially altering the nature of their current work force.

As a matter of fact, the language in this title could motivate an unconscionable employer to keep disadvantaged employees on his payroll only six months and then replace them with other disadvantaged employees for a similar period.

A possible solution to this dilemma would be to authorize the Secretary to alter the definition of "disadvantaged" from time to time within each labor market area. Such a provision would at least allow local employment service agencies to make a more meaningful judgment in the light of the current labor market and the relative difficulty of disadvantaged individuals in finding employment.

ALTERNATIVE APPROACH

There is another approach which has never been tried in the United States but which has achieved acceptance in England and several other European nations.

This is the concept of a tax credit for training done by industry to increase the competency of employees at all levels. The difference here, however, is that the tax credit in Europe is against a special assessment rather than against existing tax liabilities.

If, for example, Congress were to increase the federal unemployment tax by 2/10ths of 1%, it would provide industry with a tax liability of approximately $300 million annually.

Using the formula contained in title II, employers would then have to work off their individual liability under the special assessment before they could gain the benefits of a reduction in their existing tax burden.

Those firms not hiring disadvantaged people would pay an additional tax which could be used to augment MDTA revenues.

I am not prepared at the present time to recommend such a program, but I do believe it may be worth further study.

I wish to thank the Committee for inviting me to appear before it and to present my views. These are challenging as well as trying times. I am honored to have had the occasion to participate to this extent in your deliberations.

Senator CLARK. Mr. Green, did you have a prepared statement?

STATEMENT OF MALCOLM R. LOVELL, JR., DIRECTOR, MICHIGAN EMPLOYMENT SECURITY COMMISSION; AND ALFRED GREEN, DIRECTOR, NEW YORK STATE EMPLOYMENT SERVICE

Mr. GREEN. Yes, sir. I brought several which I have handed up.

Senator CLARK. Here it is. We will have Mr. Green's statement printed in full in the record also at this point.

(The prepared statement of Mr. Green follows:)

PREPARED STATEMENT OF ALFRED L. GREEN, EXECUTIVE DIRECTOR, DIVISION OF EMPLOYMENT, NEW YORK STATE DEPARTMENT OF LABOR

EMPLOYMENT PROSPECTS, POVERTY AND MANPOWER PROGRAMS IN THE STATE OF NEW YORK

Although I am interested in the bills under discussion today in my capacity as Chairman of the Urban Affairs Committee of the Interstate Conference of Employment Security Agencies, I appear here today in my capacity as Executive Director of the Division of Employment of the New York State Department of Labor. As Director of the New York Agency, I naturally approach the topic which is the subject of your Sub-Committee's hearings by relating it to the situation in the State of New York, and so my testimony is intended to provide at least some answers to the following questions:

1. What is the employment situation in New York, and what are the prospects, and how will the proposed legislation affect them?
2. What are the trends and the strategic factors in our war on poverty, and how will the proposed legislation help?
3. What is the state of our existing arsenal of manpower policy tools which we now utilize in fitting job-seekers to job openings, and what additional tools will the proposed legislation put at our disposal?

Employment Prospects

The employment situation in the State of New York is, on the whole, satisfactory. Ever since 1961 we have experienced an expansion in employment and reductions in unemployment. I shall compare only the two terminal years:

	1961	1967
Civilian work force	7,640,000	8,030,000
Total employment	7,185,000	7,715,000
Total unemployment	455,000	315,000
Unemployment rate (percent)	6	3.9

In February, 1968, there were 300,000 unemployed job-seekers in the State of New York, of whom more than one-half—157,788, were receiving unemployment insurance benefits. These were all experienced workers, most of whom were firmly attached to the labor market, with good prospects of reemployment in the near future. About one-half of them were unemployed in February because of a seasonal lull in their industry; for example 38,196 construction workers, and 34,293 apparel industry workers.

I presume that the legislation which is before your Sub-Committee is not intended to apply to temporarily unemployed workers fully protected by the unemployment insurance system. It would not be constructive, in the long run, if the creation of a new manpower development program resulted in the withdrawal of workers from certain seasonal industries which are essential for the satisfaction of consumer wants and for the maintenance of a balanced pattern of industrial development.

I might say at this point that the Unemployment Insurance Law of the State of New York is the most adequate among all state unemployment insurance laws from the point of view of prompt and lasting protection. In New York, a worker becomes insured after only twenty weeks of insured employment, immediately, with only a one week waiting period; and he remains entitled to unemployment benefits for 26 weeks—we have uniform maximum potential duration in New York, the same for all beneficiaries—if he should remain unemployed so long, which most of them do not. In the calendar year 1967, we had 587,698 beneficiaries, of whom only 83,635 reached the end of their entitlement without becoming reemployed.

Nor do we have in New York a vast disparity in the unemployment rates as between the majority and the minority groups. The Federal Bureau of Labor Statistics found that, in the calendar year 1967, the overall unemployment rate in New York Standard Metropolitan Statistical Area, in which most of our minority groups live, was 3.7 per cent; the rate for white was 3.5 per cent; the rate for non-white was 5.2 per cent. On the average, 31,000 non-whites were unemployed in New York SMSA in 1967. The non-white unemployment rate in New York, 5.2 per cent, was lower than the 8.0 per cent in Los Angeles-Long Beach, the 8.3 per cent rate in Chicago, the 7.4 per cent rate in Philadelphia, the 10.9 per cent rate in Detroit, the 9.6 per cent rate in San Francisco-Oakland, the 12.7 per cent rate in Pittsburgh, the 12.3 per cent rate in St. Louis, the 8.8 per cent rate in Cleveland, or the 9.8 per cent rate in neighboring Newark, New Jersey.

Compared with most other metropolises, New York City is an oasis of high employment as regards minority groups.

And the long-range prospects are bright.

A look at New York State's manpower future shows a net addition of well over a million persons to the labor force during the 1965–1975 decade—persons for whom jobs must be supplied if we are to keep unemployment down at present low levels.

We see ahead a labor force composed of large numbers of young people and older people, as well as persons at prime working ages. We see rapidly rising numbers of women. We see persons of widely differing native ability, persons well educated and persons poorly educated, persons who live near the places where jobs exist and persons who live where there are few jobs.

Viewing the manpower future from another perspective, we see over a million jobs to be filled during the decade. Besides a good basic education, most of these jobs will require some special vocational training, and many will require extensive training and education beyond high school.

In short, we see a task of job creation and a task of manpower development. We also see a third task, one of matching people and jobs.

These objectives will not be achieved automatically. Progress will require constant attention to specific goals, needs, approaches, and programs.

Job creation and manpower development are to some extent interdependent: Jobs will not be created if there is no prospect of a labor supply trained to fill them; and, on the other hand, people may not equip themselves with work skills if there is no prospect of jobs that will utilize them.

How well manpower can be developed to meet the requirements of industry and government will depend not only on job-training and related measures, but also on how well other programs succeed in maintaining and improving the physical and mental well-being of the population. Illiteracy, poverty, poor health, poor housing, isolation, social prejudice, hopelessness—these conditions form an environment hostile to manpower development. Broadly speaking, therefore, New York State's manpower program includes all measures concerned with improving the well-being of the individual. Some examples are:

Enforcement of civil rights (in schooling, employment, housing, public facilities).

Income maintenance during periods of unemployment, disability and sickness (unemployment insurance, workmen's compensation, disability benefits, and public assistance programs).

Maintenance of wage standards (enforcement of minimum wage and equal-pay standards, and prevailing wages on public works).

Provision for meeting the cost of medical care and rehabilitation (Medicare, Medicaid, medical insurance, vocational rehabilitation).

Assuring proper treatment of the ill (mental hygiene; narcotics care; maintenance of standards for hospital care).

Curbing hazards to health and safety (fire and police protection; sanitation measures; enforcement of industrial safety standards; anti-pollution measures for air and water; assuring safe ingredients in food and drugs; driver and highway safety requirements).

Improved housing, community and recreational facilities (loans and subsidies for housing at low and medium income levels; enforcement of good housing standards; parks).

Improved transportation (more and better highways; improved local transit and commuter transportation facilities).

Manpower development has two goals. One is to meet the needs of industry and government for manpower. The other is to realize the principle that every individual should have an opportunity to develop his work potential to the full extent of his capabilities. These two dimensions of manpower development are likely to be present in every manpower training and education measure. Steps that help achieve one end are likely also to bring progress toward the other.

The relative importance of manpower development and job creation will vary from time to time and from place to place, depending on the level of economic activity. During the past few years, when the rate of unemployment in many areas of New York State has been under four per cent, job creation has been in the background. Instead, the problem of meeting manpower needs has had overshadowing importance.

Manpower policy is concerned not only with the training and educational aspects of manpower development, but also with the employment process—the means by which jobs and persons are brought together. This process includes recruitment, placement, counseling, and supporting activities such as testing, job design and redesign, labor market information services, and other services to employers, schools, placement agencies, and workers.

Government becomes acutely concerned with the inadequacies of the existing training and upgrading processes when manpower shortages in skilled occupations delay or restrict production or interfere with needed expansion. This occurs especially during periods of high level economic activity such as the present.

This poses for manpower policy the question whether government should not take a more active part in the training and upgrading of employed manpower—whether by extending its own training facilities in some manner, offering financial inducements to encourage industry to do a better job, or working more closely with industry in a technical personnel and training advisory capacity. The general answer is in the affirmative. As to ways and means, a number of alternatives are available for consideration.

While there is no general shortage of manpower in New York State at the present time, there are shortages in specific occupations and industries. For example, shortages exist in a number of the professional and technician occupations, the supply of which—as in the health field—has not kept pace with rapidly expanding demand. Shortages exist in metal-trades crafts, reflecting the demand for the manufacture of machinery and equipment for both civilian and defense use. Persistent though perhaps not as acute shortages occur in the secretarial, stenographic, and typist fields. And, among lower-skilled jobs, low wage levels and the low esteem in which they are held, combined with expanding demand for services, have created shortages of hospital attendants, household employees, restaurant and laundry help, and the like.

When we look at the 10-year period 1965–1975, we see requirements for professional and technical workers rising far more, relatively, than any other group:

Much above average increase: Professional and technical workers.
Moderately above average increase:
    Service workers.
    Clerical and kindred workers.

Average or slightly above average increase:
- Craftsmen and kindred workers.
- Sales workers.
- Managers, officials, and proprietors.

Below average increase or decline:
- Machine operatives and kindred workers.
- Laborers.
- Farmers and farm workers.

Training programs under the Federal Manpower Development and Training Act of 1962 have made an important contribution to improving the employment outlook and status of culturally and educationally deprived young people and adults.

At the same time the MDTA programs have made substantial contributions to meeting shortages in semi-skilled occupations and occupations bordering on, if not part of, the skilled craft and technician fields. These occupations include, among others: practical nurse and nurse's aide; typist, stenographer, and other clerical occupations; auto mechanic and auto repairman; electronic assembler and electronic mechanic; general machine operator; and food service occupations.

Not all needs are being met. Reductions in federal MDTA allocations to New York State have made it necessary to discontinue a number of programs.

But in spite of such curtailment, the long-range prospect is bright. Employment in the State of New York will continue to increase, as it has in the past nine years, and the workers who are now unemployed in the State, and many of whom are at the present time unemployable, will be assisted toward remunerative employment, and jobs will be found for them.

Nevertheless, unless something extraordinary happens—and, perhaps the legislation now being considered by your Sub-Committee will make that extraordinary event possible—the number of unemployed in the State of New York will be just as great in 1975 as it is today, if not greater.

Why is this?

It is because the State of New York has always been one of the major ports of call for the unemployed, for the poor, and for the unfortunate. Until around 1920, they came from abroad; in 1920–1950, they came from the farms; since 1950, they come from not only the farms but also the cities of the South, and from Puerto Rico.

And what happens then?

Allow me to demonstrate this point on the basis of a study which was recently completed in Monroe County—this is the county containing the City of Rochester. Rochester has for some years been engaged in a community effort tantamount to a human resources development program. Partly as a result of this effort, the rate of unemployment in Monroe County was always low, and in 1966, it ws down to 1.6 per cent; 317,300 persons employed, 3,500 unemployed, and 10,000 jobs vacant. Between 1960 and 1966, overall employment increased 26 per cent; the employment of non-whites increased no less than 43 per cent (from 8,300 to some 12,000). But yet, while 2,000 non-whites were unemployed in Monroe County in 1960, 2,000 non-whites are unemployed in Monroe County today. Why? While the employment of non-whites rose by 43 per cent, the number of non-whites in the labor force rose by 46 per cent: with three out of every four new entrants into the labor force in-migrating into Rochester from outside, chiefly the South. Of the non-white unemployed in May, 1965, 91 per cent had moved to Monroe County from outside the State of New York. What did the unemployed (white and non-white) have to offer in relation to the then existing 10,000 job vacancies? Only slightly more than one-third had completed high school and only 3.2 per cent had completed college. In contrast, 60 per cent of the available jobs required a minimum of high school education and more than 15 per cent required at least a four-year college degree. The report on the study, entitled "A Study of the Unemployed," published by the Rochester Bureau of Municipal Research, contains the following conclusion:

"By itself a local war against unemployment and poverty is not sufficient to deal effectively with problems relating to migration. The most constructive approach and the one with the best chance of success is that of a preventive nature. The problems accompanying the large migration of workers into Monroe County could, over a period of time, largely be eliminated by the provision of more adequate educational programs and more favorable economic opportunities in the South or in such other areas from which the migration originates."

Under these conditions, we cannot expect any decrease in the rate of unemployment in our cities; as soon as we rehabilitate the disadvantaged job-seekers who are now unemployed and place them in jobs, others will come from the agricultural regions and from Puerto Rico to take their place in the waiting room.

That waiting room must be regarded as an educational corridor to opportunity, because the in-migrants have not received the basic education which they need in the places in which they were born. For that reason, we in New York place manpower training foremost in our arsenal of manpower policy tools. Our approach to training was discussed by labor and management leaders, educators, and manpower experts on June 2–3, 1966, in the course of the Governor's Conference on Manpower Training which was held in Buffalo. I should like to read part of an introductory statement made in Buffalo, by Commissioner M. P. Catherwood, the head of our State Department of Labor, because it summarizes the steps which we have taken, and which indicate what a state administrator can do:

"The problem is not exclusively a federal one, and not all of the answers can be provided by the federal government. The identification of a positive policy and its efficient administration can be achieved only by major and increased participation by the states and the local communities. In this regard, few, if any, other states have made more progress than New York State. But in no other state is there as much recognition of work still to be done. This is basically the reason for this conference.

"Time does not permit discussion of the many individual steps the State of New York has taken in relation to manpower training, but I will mention a few of particular interest to the Department of Labor.

"1. In 1960, the Unemployment Insurance Law was amended to provide that persons drawing unemployment insurance benefits for whom no jobs were available, could take approved training programs without loss of unemployment insurance benefits.

"2. In 1961, Governor Nelson Rockefeller appointed a Committee of Youth and Work. This has been an active committee which has encouraged the development on a statewide basis of some of the more constructive efforts in communities throughout the State to keep youth in school, to provide part-time jobs for youth in school, and to provide assistance of the type which is now reflected through the Youth Opportunity Centers.

"3. In 1962, a Division of Manpower was created in the Department of Labor which sponsors training such as in the fields of apprenticeship and on-the-job training, and seeks to help face up to the total problems of manpower.

"4. An Office of Manpower Development and Training was created in the Division of Employment to administer the Labor Department's responsibilities under the institutional phase of the Manpower Development and Training Act.

"5. In 1962, by action of the Governor, the Interdepartmental Committee on Manpower was created. It includes representation from agencies such as the Education Department, the Department of Labor, the Department of Social Welfare, the Department of Agriculture and Markets, the Department of Commerce, the Division for Youth, and the Office of Economic Opportunity. It meets quarterly to provide a clearing house of information among the State agencies involved.

"6. The Governor's Advisory Council on Manpower Training was created in 1963, and is the sponsor of this conference."

The shifting of population from the farms to the cities has been the tenor of our economic development for over one hundred years. However, until the middle of this century, the occupational progression was from farm to construction, from construction to factory, from factory into trade. A hundred years ago the country still had to be built—highways, railroads, canals and factories. Later, manufacturing became predominant as a source of employment. Then the balance began to shift to trade, and today the shift is out of manufacturing and into trade and into the ever expanding segments of services, public and private.

In the past, these shifting patterns enabled an unskilled displaced agricultural laborer to acquire other skills gradually without formal training, and even without any increase in his level of literacy. It may be that the shift from farm to construction to factory to trade and finance and then into the professions was not completed in one generation; but the tempo of the structural changes in our economy was such that gradual adaptation was possible.

But now not only farm employment but factory employment as well is on the downward slope; today's jobs require high degrees of skill which necessitate pre-employment training; only the sector of services, which is expanding, affords direct opportunities to the newcomers, and wages and conditions of work in some parts of that sector are not inviting; and the tempo of the shift in the industrial-occupational pattern is accelerating from day to day as indeed it must if we are to continue to live in an ever expanding economy with a growth factor sufficient to take care of our increasing population and of our ever-higher-per-capita income aspirations.

How then do S. 3063 and S. 3249 fit into this picture?

The Bill as we understand it is designed to create 2.4 million employment opportunities in the country as a whole—which suggests that more than 200,000 such opportunities might be created in the State of New York. Of the 2.4 million opportunities, 1.2 million would be in private enterprise, 1.2 in community jobs.

New opportunities in private enterprise would obviously flow out of the existing dynamic pattern of change; that is, there would be none in agriculture, very few in construction (unless, of course, other federal or state legislation brought into being a new building boom), relatively few in manufacturing, many in trade, and most in the service industries.

New opportunities in community jobs would obviously be in line with the shifts in the employment patterns, that is, in the service segment. Senator Clark stated that there is scope for "socially useful, meaningful work which is designed to improve our communities, to rebuild our blighted neighborhoods, to improve the physical environment in which we live and to provide for all the human service needs which are not now being met." Presumably, we in New York would set up such jobs in the fields of education (monitors, guards), welfare, health (nurses aids), child care (in child care centers), homework (assistance to large families), and personal safety (community guardians).

S. 3249 would achieve the same objectives in about the same way but provide more specific instruments and guidelines, but on a smaller scale (220,000 private sector jobs; 80,000 community jobs in the first year, 100,000 in the second). Of particular interest in Section 408, "Public Safety Programs," which provides for the employment of "community service officers . . . in or under the supervision of police departments." Such service is urgently needed not only for the general protection of the public but even for the furthering of the manpower programs which we administer; we are constantly aware of the difficulties inherent in scheduling training facilities in certain places or at certain hours, and of safeguarding the safety, personal and financial, of our trainees.

However, the chief value of the proposed legislation to the State of New York might lie elsewhere than in the creation of job opportunities within the State. S. 3063 is addressed to the 4.4 million hard-core unemployed in the country and Senator Clark says that it is not a "cities or urban slum jobs bill." He stated that only 500,000 of the 4.4 million live in the 50 largest cities, which indicates that most of the 2.4 million employment opportunities which would be created under S. 3063 would be in smaller cities and in the rural areas.

It may sound like a paradox, but it might be a great help to New York if all of these 2.4 million opportunities were created outside of the State of New York, in those communities where the prospective migrants to New York now reside, and none in New York. Our record, which I recited, demonstrates that we normally enjoy, from year to year, a growth in job opportunities which is more than sufficient to take care of our residents. If job opportunities created elsewhere stopped, at least temporarily, the influx into New York, we might be able to attain full employment without this type of assistance.

Poverty

In my testimony before your Sub-Committee, at the hearing which you held in New York City on May 8, 1967, I reported to you in detail on the many activities and programs which the State Employment Service utilizes in its war on poverty, all directed toward a breakthrough from poverty into gainful remunerative employment. I shall not repeat that testimony here. The proposed bills, S. 3063 and S. 3249, are both of the same type—they both aim to break down the wall which surrounds the poor and enable them to issue forth into the world of work.

A step in this direction is about to be consummated. I refer to the administration of Title IV of the Social Security Act, the Work Incentive Program for families receiving aid for dependent children. I shall not presume to recapitulate here the provisions of this legislation, which you adopted only a few months ago, but I should like to report to you on the way in which the state employment security agencies have taken hold of this new assignment. The Interstate Conference of Employment Security Agencies appointed a special Work Incentive Program Committee which has been working closely with the U.S. Department of Labor, particularly, its Bureau of Work Training Programs. The Committee worked out an arrangement under which each state employment security agency will be the "predetermined sponsor" of the contemplated work training projects. A formal agreement has been worked out in draft form subject to final editing. It is expetced that eight to twelve states will begin operations this month, and most of the others by July 1, 1968.

Even if S. 3063 or S. 3249 becomes law prior to July 1, 1968, it will probably not be in full operation until some time after that date, so that the experience which will accrue to us under the already existing WIN program will be of significance in connection with the practical problem of creating job opportunities, and of filling the resulting jobs from among those unemployed who need such jobs most. On a small scale, WIN provides some incentives for some employer; this would be done, on a large scale, under the provisions of S. 3063.

We have had a fair measure of success in training and placing public assistance recipients. In 1967, our departments of social services referred 4,731 relief recipients to us; we made 6,030 referrals to employers, and 2,992 placements. This record—placements equal to about two-thirds of "new applications"—compares favorably with the general placement service which we are able to give.

As regards training: In January, 1968, we completed the training of three welfare recipients in Albany as clerk-typists, and immediately (within 30 days) placd two of them; in Syracuse, we trained three to be general office clerks, and placed all of them; three to be cooks, and placed all three; one to be an auto mechanic, and we placed him. In Utica, we trained nine welfare recipients to be nurse's aids, and immediately placed three. In February, 1968, in Syracuse, we trained a welfare recipient to be an industrial truck operator, and placed him; three to be cooks, and placed all three; one to be a machine operator, and we placed him; twelve to be typists, and we immediately placed eight; two to be bakers, and we placed both; two to be draftsmen, of whom we immediately placed one. In Hempstead on Long Island, we trained three welfare recipients to be clerk-typists, and placed two; we also trained one to be an auto/body repairman and placed him.

This is the record achieved in only two months. We could have done more if we had more money for manpower training; but MDTA appropriations allow us to train only some 13,000 individuals at any one time which is less than two-tenths of one per cent of our labor force. Foreign experience, particularly the experience of Sweden, indicates that approximately one per cent of the labor force should be in vocational training at all times to counter the inevitable impact of skill obsolescence which is the characteristic of our dynamic economy.

Lack of MDTA funds is one of the two main obstacles on the road from unemployment to the world of work. The other main obstacle is the lack of public funds for meeting the needs of the public. We all know that we need more and better schools, more air and water pollution control and eradication activities, more public housing, more policemen, more hospitals. These are real and pressing needs, and they are directly in line with the capacities, actual and potential, of our unused labor reserve.

S. 3063 recognizes—in Sec. 2 (3)—that "there is a huge backlog of need for additional community services and facilities" and will create jobs—in Sec. 101 (a) (1)—"in such fields as health; public safety; education; recreation; streets, parks, and municipal maintenance; housing and neighborhood improvement; conservation and rural development; beautifictaion; and other fields of human betterment and community improvement."

But S. 3063 creates new jobs for the unemployed poor. If such jobs are to be added to the existing job structure in the public sector, they will be at the bottom of the pyramid. The incumbents will need direction and supervision; their output will have to be meshed in with the general output of goods and services of the public agency in which they will work. Thus, for every one hundred new jobs at the bottom of the pyramid, an appreciable number of additional jobs will have to be created on the upper levels, up to the top.

It is an axiom of personnel management that before any trainee can be hired by a large employer, the employer must already have on the job the personnel specialist who will do the hiring, the typist who will make out the papers, the clerk who will keep the payroll records, the journeyman who will instruct the trainee, the foreman who will supervise him, the skilled workman who will produce the parts on which the trainee will operate, the draftsman who will design the parts, the engineer who will be responsible for the flow of production, etc. Hiring 1,200,000 trainees thus presupposes preliminary hiring of tens of thousands of qualified specialists. Where will they be found? They are not in the labor market today. Counting only Employment Service openings unfilled for 30 days or more despite active recruitment efforts, we need, in the New York area alone, 2,308 professional people such as architects, engineers, etc.; and I am confident that if we could fill these jobs, we would immediately have at least 20,000 new jobs which the unskilled poor could then fill. Of course, under the proposed legislation we would have the authority to send 2,308 poor people to school to learn to be architects, engineers, etc.; but how long would it take, and what would the other 20,000 prospective trainees for entry level jobs do in the meantime?

It is not clear from the text of the proposed legislation whether such supervisory and related technical positions will be financed out of the S. 3063 appropriation. If not, then the bill will impose a new financial strain on the public sector. Until new monies are raised locally for the necessary organizational superstructure, implementation of S. 3063 may be delayed. Even if the superstructure can be financed out of the S. 3063 appropriation, there may be delay since, clearly, in that event even the topmost level jobs—which have to be filled first—must be filled by the unemployed poor, and it may take a long time to train them for such responsibilities.

This type of obstacle to the employment of the poor in the public sector—that is, absence or inadequacy of the supervisory and technical job structure—will not, of course, affect private employers who will desire to take advantage of Title II of S. 3063. Under Sec. 202, they will be able to hire qualified foremen and will be compensated for their salaries under the heading of "the cost of unusual training and other unusual services." They will be able to hire qualified personnel experts, and will be compensated for their salaries when they send them as "recuriters into areas of high concentration of unemployed or low-income persons."

There is nothing in S. 3063 which would require cooperating employers to create now jobs for the poor, although this may be a secondary effect of this legislation. The primary effect may be that cooperating employers will fill certain vacancies which now exist but which cannot be filled because qualified job applicants are not available. Presumably, cooperating employers will hire unqualified applicants and will train them on the job to make them qualified.

Again, however, there is the question of existing vacancies in high skill jobs which must be filled first before the unskilled poor can be hired. Where will such specialists come from? Evidently, not from the open labor market, because they are not there. They must (and should) come from the cooperating employer's own organization, through training and upgrading. Sec. 202 (4) does, indeed, provide that the employer would be compensated for "unusual overhead costs incurred as a result of an employee's lack of education, training, or experience, such as . . . . added mangerial effort." Would the costs of training regular employees (not the poor) for purposes of upgrading be recognized as reimbursable costs of "added mangerial effort," and would such compensation be paid in advance of the hiring of the poor, in recognition of the fact that the poor cannot be hired until higher level job vacancies had been filled?

S. 3249 appears to be more cognizant of the obstacles to the employment of the poor than S. 3063. Right at the outset, in the first substantive provision of its Title I, S. 3249 directs the Secretary of Labor to "make available information regarding skill requirements" and to "establish a program for matching the qualifications of unemployed, underemployed, and low-income persons with employer requirements and job vacancies." Amended Title IV specifically provides the seed money which will be needed to capitalize on that matching program, to be effectuated preferably by "local service companies," through "planning and research, including feasibility and market research" and "management and training assistance." The management team of a "service development organization" may "be permittted to take a minority equity interest in a local service company and to deal with such a company on a franchise or other profit-making basis." Amended Title V establishes an Economic Opportunity Corporation which, in addition to other powers, may "invest in, and operate new and existing business enterprises which, by reason of their location, employment effect, or services produced, would ameliorate conditions of poverty and urban blight, including new business enterprises operated for profit . . ." And Title II, the "Employment Incentive Act of 1968," which provides for a percentage tax credit of the wages paid to "disadvantaged employees," provides a financial incentive for each cooperating employer to recoup any expenses which he may have incurred in upgrading an employee who is not "disadvantaged" out of the tax credit which is in the final analysis a lump sum that can be utilized anywhere in the business.

Manpower Policy Tools Available to the Public Employment Service

S. 3063 and S. 3249 would add new fields of strategy to our war on poverty but, effective as the new approaches may be, this type of legislation would again establish new programs to compete with the old.

We in the United States administer a conglomerate of manpower programs, and we are constantly in the process of setting up new goals of manpower policy—unlike the "active manpower policy" of European countries.

Advanced European countries do not have manpower programs; they have an arsenal of tools. They do not conduct separate wars, such as a war on poverty; they simply serve the general politico-economical and socio-political aim to attain and secure an adequate growth of the economy, full employment and stability of monetary value.

Without going into any details about the way manpower policy is administered in European countries, may I just enumerate, as an example, the tools which the German Institute for Placement and Unemployment Insurance has in its arsenal: unemployment insurance; full control of vocational education training and retraining; full control of employment service activities, including those conducted, under the supervision of the Institute, by private employment agencies; relocation grants; training and "integration" subsidies to employers; loans for the building of worker housing and of worker hostels; control of apprenticeship—all administered in a single place, all financed by one single source of revenue. In these countries, the Public Employment Service may not only fill available jobs but may, when needed, create jobs, as in the Netherlands through subsidiary employment, or they may establish sheltered workshops, as in Sweden.

It is different in the United States. Here, there is no continuing unified program, nor an integrated administration. So our goals are set for us year by year, in accordance with the will of the U.S. Congress (expressed in the Manpower Development and Training Act of 1962), by the President in his annual Manpower Report; and supplementary goals are then added each year by special legislation, such as S. 3063 and S. 3249.

Because experience proves that the goals which were set in each preceding year were not fully attained, and because the character of the manpower problems which face us becomes more menacing with each passing year, the situation in which we now find ourselves is one in which our goals are "catch up" goals and in which, for the time being, our fragmented emergency manpower programs are "catch-as-catch-can" programs.

Needless to say, the goals and programs which we now have are necessary, and there is no difference of opinion between the Federal Government and the State Governments on that score. The record of the Interstate Conference of Employment Security Agencies is especially clear in this area of state-federal relationships; there has always been agreement concerning manpower goals and objectives; discussions have ensued more for the purpose of defining the methods through which such agreed upon objectives should be achieved.

I shall not list at this point the many programs which the State Employment Service administers; you are familiar with them all, and I gave your Sub-Committee a detailed report a year ago at your hearing in New York City on May 8, 1967.

Attaining the basic objectives of manpower policy—job creation and manpower development—requires a comprehensive and efficient mechanism for recruiting workers and placing them in jobs, along with the supporting activities of guidance and industry advisory services. The State Employment Service, in partnership with the United States Employment Service, performs this function well, but it should be strengthened in a number of respects.

The potential of the local Employment Service office as a center for counseling, industry advisory services, and labor market information, as well as recruitment and placement, should be developed substantially beyond its present range of operations.

The Employment Service should be geared to a greater extent than at present to advise industry on ways of reviewing its manpower policies, especially with respect to redesigning jobs, revising hiring specifications, evaluating testing programs, reviewing upgrading practices, identifying training needs and training sources, and so on.

The urgency of the task of enlarging the employment opportunities of culturally and educationally deprived persons requires that the Employment Service make its services more accessible to these groups. Efforts in this field, already evident in the establishment of employment offices in the Harlem and Bedford-Stuyvesant areas of New York City and in the outstationing of staff at various community offices, should be pursued in every useful direction.

The State Employment Service is the agency best able to perform services relating to employment—job development, counseling, referral to training, job placement, and so on. Any additional funds allocated under the Anti-Poverty Program or other programs for these purposes should be used to expand the Employment Service operation rather than for setting up duplicate organizations.

A number of employment-related functions are best performed by community groups working with the Employment Service; these include helping disadvantaged persons prepare for aptitude and work tests and encouraging continuing communication between disadvantaged groups, unions, and employers. *Training disadvantaged persons.* Preparing disadvantaged youth and adults for work is the most critical part of the task of improving manpower utilization. The New York State program, and programs in other states, under MDTA have sought to attack the problem primarily through special counseling and "multi-occupational" training programs which offer pre-vocational remedial and preparatory services as well as instruction in entry occupations.

Cutbacks in MDTA allocations to New York State and other states mean that substantial, identified needs for this kind of job preparation will go unmet. And without facilities for pre-vocational remedial services, special counseling of the disadvantaged loses much of its point. *Meeting skill shortages.* Problems of manpower development come to a head when skilled craftsman shortages start interfering with production. Shortages that exist in semi-skilled occupations are less serious because they are more likely to yield to short, concentrated training programs of the kind carried out under MDTA. Because the training time usually runs into several years, the crafts pose a more difficult problem.

In connection with recruiting for emergency shortage situations, the government should consider providing funds to help carry moving and relocation expenses of persons living elsewhere who could be induced to move into the area.

In terms of a longer-range approach to the problem of meeting skill shortages, the government should consider granting financial inducements to workers and employers to undertake training in the crafts and in related occupations. One kind of inducement would take the form of subsistence allowances, like those given apprentices under the G.I. Bill, to make up some or all of the differences between trainee wages and journeyman wages. Such subsidies should not be limited to the poor.

Apart from training, one of the problems is to attract more persons into jobs that rank low in esteem and in the wage scale. Such conditions form an obstacle to recruitment, especially in household employment and in the lower-level employments of institutions, restaurants, hotels, etc.

Some consideration has been given to conditions in these occupations and what might be done to improve them. Thus public and private groups in recent years have been looking into the domestic service problem, especially the need for raising the status and the wage levels of household employments. The question of extending minimum wage floors to household occupations is in the foreground. (Social Security and, to a degree, unemployment insurance now cover these occupations in New York State.)

Pursuing another aspect of this problem, some economists have suggested that means should be found of obtaining a more responsive and efficient mechanism for supplying domestic workers, such as by encouraging, private and voluntary domestic service supply businesses. I assume that Senator Javits was cognizant of these proposals, and that the Economic Opportunity Corporation created under Title V of S. 3249 would be instrumental in furthering the establishment of such private domestic service organizations.

An examination of the needs of the State Employment Service necessarily leads to the conclusion that nothing in the proposed legislation would remedy our existing shortcomings in attempting to play the role of the central manpower agency. It will give us more work to do and, perhaps, the staff necessary to do it; but whatever beneficial effects will flow from it—and I am sure that the legislation will benefit many of the poor for whom we currently can do little—will be on the peripheries of our labor markets.

As a state administrator, I may be permitted to point up the differences in the outlooks as between the state and the federal government: We in the states are trying to work toward the future—we are thinking in terms of what our economic systems will need, in terms of manpower, in 1975 and in 1985; whereas the federal manpower programs are designed to meet the emergencies which beset us—and Washington, of course—today. Beginning with the Area Development Act, every manpower program launched by the Federal Government was and is in one way or another a crash program intended to achieve quick results. Every such federal program is financed on a hand-to-mouth basis; the Congress must be sold all over again on each one as every new fiscal year rolls around, and the best way to convince the Congress that the program is worth its cost is to demonstrate sudden and dramatic achievements.

In the states we can demonstrate solid achievements, but they are not necessarily dramatic. Take, for example, New York State's experience under the MDTA. In order to gauge the long-term effects of MDTA training, we canvassed (by mail) in May 1967, a sample of 825 workers who had completed training in the first three years of the existence of the program, that is, in 1962, 1963 or 1964. We found that 77 percent of those trained in 1962 and 1963 are now employed, 10 percent are unemployed, and 13 percent dropped out of the labor market. Of those trained in 1964, 81 percent are employed, 8 percent are unemployed, and 11 percent are out of the labor market. Of those who have jobs today, 74 percent are earning higher wages; 75 percent of them are earning $2.00 or more per hour, and 20 percent are earning $3.00 or more per hour.

This is a record of solid but modest progress and it can be duplicated in other states. But we are far from the goal of eliminating all unemployment, including the "hidden" unemployment affecting those who are not seeking work because they have no skills to offer and who, because of alienation from the world of work, are not interested in the rehabilitative services which we are currently able to provide. Will we reach that goal if S. 3063 is enacted? Will the community agencies move fast to create community jobs? Will the employers move fast to create new jobs in response to the proposed subsidy and tax credit incentives?

I have pointed out some of the hurdles—both in relation to contemplated clientele, the poor, and in relation to the weaknesses in the central mechanism, the State Employment Service.

Fortunately for the State of New York, the administrative work load imposed by either S. 3063 or S. 3249 on the New York Employment Service may be relatively—compared to other states—small. I already expressed the hope that the creation of jobs in other states, will stem the inflow of untrained illiterate job-seekers into our cities. Senator Clark computed the "job gap" of 2.4 million (see "Employment and Training Legislation—1968" p. 199, by comparing estimated job vacancies—2 million—with the number of unemployed—4.4 million). We do not have a complete count of job vacancies in New York but, on the basis of 44,000 job openings listed with the State Employment Service, we may estimate that there may be some 200,000. Of the 300,000 "known" unemployed, 150,000 will become reemployed soon—most of them are only waiting for recall or for the re-creation of jobs which temporarily expired because of seasonal fluctuations. The "gap" between the job vacancies—200,000—and the seriously unemployed—150,000—is, theerefore, negative, and amounts to 50,000. It should be filled by workers recruited from among the "hidden unemployed," who are not counted in the 300,000 figure, and who may well number 50,000. They and the other 150,000 cannot be put to work at the present time because, in order to have work for them, the State Employment Service must first find and place 20,000 other workers to fill unfilled job openings in the categories of professional, technical, managerial, machine trades, bench work, structurel work, etc.—20,000 workers with required skills who are not in the State of New York at the present time.

Perhaps, then, we in New York may be expected to recruit and place some 100,000 of the nationwide figure of 2,400,000 beneficiaries of S. 3063 (most of the 150,000 "seriously unemployed" are not poor). This is a significant work load item but is not beyond our existing capabilities for that type of service.

Senator CLARK. I would like to proceed, if you gentlemen are willing, with Mr. Lovell first handling your statement in any way you want. I have a number of questions. Perhaps you would hit the highlights and we can interrupt if you don't mind since it is now in the record.

Mr. LOVELL. Fine, sir.

Senator CLARK. Will you proceed then first and then Mr. Green, you come along a little later.

Mr. GREEN. Thank you.

Mr. LOVELL. First of all, Senator, I would like, if I may, to go very quickly down the summary of my recommendations and if you have questions please interrupt.

First of all, I endorse and support in principle legislation which will provide additional jobs for disadvantaged workers in both the public and private sector.

Secondly, I endorse the concept of a private corporation which will provide information and technical support to facilitate the employment of the disadvantaged in the private sector, and my caveat here is that I don't believe this should be a vehicle for the major distribution of Federal funds to the private sector as a technical assistance agency only.

Senator CLARK. Let me ask you there, not that I am against it—I am not—but what do you gain by creating a corporate structure? I suppose it would be nonprofit, and what is the advantage of using the corporate form except for public relations purposes.

Actually the same individuals could operate as well whether or not they were operating in corporate form, couldn't they?

Mr. LOVELL. We are embarking on a series of experiments involving the private sector with a major area of public concern. I think this is the first time that the private sector has demonstrated the interest and concern that it has today over the problem of jobs for the disadvantaged, so it is a question of what is the best way to marshal this energy and I think we have to admit in the beginning that we don't know.

The JOBS program has been given a semblance of organization through the National Alliance of Businessmen, and here we see a number of weaknesses in terms of staff work and in terms of getting technical assistance to the business community and my feeling is if the business community feels that a corporate structure on a nonprofit basis would be wise I would support it.

Senator CLARK. I agree with you. I kid Senator Javits by saying that there is a certain mystique about the word "corporation" which immediately brings all private industry behind it.

Gentlemen, this is going to be a corporation. That is swell.

I don't have the slightest objection to it. I can't see any particular pragmatic advantage to it, can you?

Mr. LOVELL. Well, I think it is a question whether the business community feel this is a good vehicle. I don't know.

Senator CLARK. How do you react, Mr. Green?

Mr. GREEN. I hate to say this but I would rather be inclined toward your view than Senator Javits'. I don't see any particular efficacy in a private corporation or any mystique in a private corporation either.

Senator CLARK. On the other hand, you don't see any great disadvantage, do you?

Mr. GREEN. You know, I am pretty cautious about new gimmicks and it seems to me that this is in the nature of another gimmick.

Senator CLARK. I think it is too.

Mr. GREEN. One gimmick piled on top of another gimmick. We have gotten enough gimmicks already in the poverty program in the last 5 or 6 years. It seems to me this is just another.

Senator CLARK. All right. Let's go ahead.

Mr. LOVELL. This third point deals with Senator Javits' tax incentive to encourage private industry to employ the disadvantaged. I like the relative simplicity of the idea and I feel private industry cannot do this purely on the basis of love and affection.

It does need some incentive. On the other hand, it has become very clear to me in my experience over the last year, anyway, that many employers do routinely employ the disadvantaged. Ford Motor Co. recently hired 4,500 people that we in the Employment Service identified as disadvantaged and they compared the turnover rates with normal hires and after 90 days the turnover rates were the same, which suggests to me that maybe the kinds of people were really the same.

Historically they have recruited in the south and rural areas and of course many smaller companies—the car washers is an obvious example—routinely employ the disadvantaged so if you were going to give tax incentives it just means that the Federal Government is going to lose a lot of income and not achieve necessarily the objectives.

Senator CLARK. The thing that bothers me about the tax credit is that it is so hard to check up on and whether after you get your tax credit you have really paid the piper, whether you have done what they gave you the tax credit for. If you have a tighter system of accounting under which you get paid back for the extra costs which you have incurred in training a disadvantaged person as opposed to training one to who, let's say, is a high school graduate, it seems to me it would go much toward assuring that the tax credit money is not being wasted.

Mr. LOVELL. I am not really sure of that. In our very limited experience with contracts and the question of determining costs it is an accountant's heyday and you really can do anything you want with costs.

I am not sure that those figures are accurate at all. I know the Ford Motor Co. has done a lot of work on that, and they have been about as conscientious as any company I have worked with, and they have come up with three or four definitions of cost, depending on what the Government wanted and they have said frankly that "We could cost this at $3,500, $6,000, $1,500," you know, whatever you want.

Senator CLARK. The basic example is the defense contracts where I have no doubt that what you say is rampant.

Mr. LOVELL. This whole thing of renegotiation after World War II and where we cut out large——

Senator CLARK. A renegotiation and all that business. What do you think, Mr. Green?

Mr. GREEN. Frankly, I don't know too much about the best method by which you can induce, or entice, maybe is a better word, employers to employ the disadvantaged or create new jobs.

Senator CLARK. I wouldn't want to use the word "bribe" because that would be naughty, but there is no doubt about it if we are going to get private industry strongly committed toward hiring the hard-core unemployed we cannot expect them to do it pro bono, for free.

Mr. GREEN. I am not even so sure that either method is going to do the trick. JOBS is moving along awfully slowly.

Senator CLARK. You are skeptical about the whole, let's say, JOBS program, are you?

Mr. **Green**. Well, I am skeptical based only on the rather meager experience so far in New York, May 15 is the deadline for the first batch of proposals to come in from employers and in New York a number of employers were to pledge I think some 18,000 or 19,000 jobs. It isn't anywhere near that as of now.

Senator **Clark**. You don't quite know yet, but you are pretty sure.

Mr. **Green**. Well, it has 2 days to go.

Senator **Clark**. That's right, of course.

Mr. **Lovell**. We have had an interesting experience. We have had pledges for about 14,000 jobs with a quota of 4,000, but almost all of those are for free.

Senator **Clark**. Are what?

Mr. **Lovell**. Almost all of these pledges are for free.

Senator **Clark**. For free?

Mr. **Lovell**. Yes. In other words, on the corporation— these are the very big ones—it is a matter of their social responsibility on an ad hoc basis, but there has been a lot of skepticism about training under these MA-3 contracts. They are afraid of it. They don't understand it and it is a worrisome thing.

I have a suggestion here, Senator, to throw out. I really haven't studied it but I think this tax incentive idea has merit because you can just fold it into your total system and we allow depreciation on equipment in a variety of forms. Different concepts of depreciation enter in, and this could be done if you could get over this one hurdle of rewarding them for what they are currently doing. I would just like to throw this out to you and your staff people as a thought, that in England and in France they have a tax, a special tax for training and employers that don't do a certain amount of training pay the tax.

In other words, the training is deducted against the tax. Now, we could do the same thing with the disadvantaged. For example, if we have a two-tenths of 1 percent additional payroll tax or unemployment compensation tax that would yield about $300 million nationally, then if you apply this same kind of formula you allow them to get a deduction but they would have to work off that $300 million first.

In other words, we are saying, "All right, as a matter of national interest all employers have a responsibility to help pay the cost of training the disadvantaged on private jobs, so we will tax you so much and if you do much better than your quota then you can get a deduction from your regular income tax."

I don't pretend I have the exact formula, but the concept would be to say. "All right, industry, to make you competitive so that a conscientious employer will not be penalized at the risk of an unconscientious employer everybody will pay a certain tax and then those who do the best job will have that tax eliminated and maybe even encroach upon their regular Federal income tax.

Senator **Clark**. Do you want to comment on that, Mr. Green?

Mr. **Green**. I have had a little bit of experience in connection with what the European countries have been doing, having been abroad twice and made some studies.

The plan that Malcolm Lovell has described as prevalent in England today is really only getting underway. The tax is a different tax depending upon the industry: the steel industry has a certain tax, the automotive industry might have another tax, and so on.

Mr. LOVELL. I said in England it is on an industry basis, but I think in France it is across the board.

Mr. GREEN. And it takes quite a while to get set in motion because there are industry boards for 20, 30, 40 different industries in England and the reason for the adoption in those countries was the fact that the apprenticeship program was really a failure.

They weren't getting skilled hands in the plants, as a result of which England's productivity was suffering and without the kind of modern productivity England was finding itself on the downgrade, couldn't meet the competition.

Senator CLARK. Why weren't they getting skilled men through the apprenticeship program and is this something that might happen to us? I just always assumed, possibly erroneously, that there were still plenty of potential blue collar workers around who would go into apprenticeship and give those particular labor unions which dealt with us that type of production manpower.

Is this not true?

Mr. GREEN. There were two principal factors, Senator, why they weren't getting skilled apprentices in their regular apprenticeship program. One is there hadn't been any change in the apprenticeship setup in the last 200 years.

Senator CLARK. That is about the same, isn't it?

Mr. GREEN. I hesitated to say it, but you said it and it is probably the case.

Senator CLARK. Let's bring it right out in the open. Have Building Trades changed?

Mr. GREEN. Right out in the open they have found that it really doesn't take 4 years or 5 years to make an apprentice. It takes between a year and a year and a half.

Senator CLARK. Certainly. I can understand and sympathize with why they put it on the other basis, but let's face it, it has nothing to do with training for a particular apprentice. It is for other reasons they stretched it out. Isn't that true?

Mr. GREEN. That is exactly right. The other reason, of course, was the reason you find here in many unions. It was a father to son relationship in getting in apprenticeable trades.

Senator CLARK. I sometimes think that we lawyers are the worst of all. We require a college degree, 3 years of law school, and passing the bar exam. You could turn out a lawyer in considerably less time than this if you wanted to set your mind to it, but we don't want competition.

Mr. LOVELL. Worse than the lawyers are the doctors but after them are the teachers.

Senator CLARK. I think maybe the teachers are the worst of all. We are all trade unionists at heart. There is no use blaming the building trades.

Mr. LOVELL. I want to make clear in this thought that I am talking about a principle for encouraging the employment of the disadvantaged. In Europe they are doing this for in-plant training.

Senator CLARK. On-the-job training.

Mr. LOVELL. I am suggesting that we use it as a reward to hire the disadvantaged. In other words, the measurement be the number of disadvantaged rather than the amount of training. We will let each industry determine what training each disadvantaged person needs.

As I go into this further I want to point out that we frequently regard the disadvantaged as a homogeneous group and they are not. They are heterogeneous as any group can be. This is one of the problems in our current job contract efforts with private industry.

We assume that they can determine the training that is needed prior to the time they have identified the individual, especially on smaller numbers. Maybe a large corporation, if they are going to take in 1,000 people, can make some generalizations, but the smaller companies cannot and that is why I am recommending far greater attention to preemployment training through MDTA, at least as a hooker onto whatever the job program is.

In the legislation that is before you gentlemen, in both your bill, Senator Clark, and Senator Javits' bill, even though you are recommending from $3 billion, well $1 billion extra for Senator Javits and $2 billion the first year on your bill, there is no increase in preemployment MDTA training, and I think that is a very critical question and I would like to recommend that half of any additional money that is appropriated be available for training preemployment or postemployment training.

Senator **Clark.** That is as opposed to on-the-job training.

Mr. **Lovell.** Your bill does provide for the on-the-job training, but it does not provide for the preemployment training.

Senator **Clark.** Let me be sure I understand you. What you want is more of the sort of preemployment orientation, motivations, earlier skill training, which Rev. Leon Sullivan has in the OIC. Are you familiar with that?

Mr. **Lovell.** Yes, sir.

Senator **Clark.** Is that what you are talking about?

Mr. **Lovell.** Yes, and we have our skill center in Detroit, for example, that does the same thing and we are very proud of that, although we only operate it at one-third of capacity.

Senator **Clark.** Why? Money?

Mr. **Lovell.** Money.

Senator **Clark.** That is what disturbs me about the administration program very much. Mr. Green, we are leaving you out of this.

Mr. **Green.** I don't mind being left out. I have a lot of ammunition left here yet.

Senator **Clark.** I know you have. I want to stick on this tax credit thing for a moment because I have a comment. I wonder if you have any more to say on the tax credit before we leave it.

Mr. **Green.** Not on that point; no.

Senator **Clark.** Let me throw out for the record and possibly for your comment my great doubts about tax credit from a legislator's point of view.

Tax credits as I see it has to be a tax bill, tax law. That has to come out of the Ways and Means Committee in the House of Representatives. We can't do it out of this committee. We can't even do it in the Senate, except to tag it on to some tax bill that comes over from the House and in the present climate of the Ways and Means Committee I don't see the remotest chance of our getting a tax credit bill passed by this Congress even if we could agree on what kind of a tax credit bill we want. We are a long way from that and I wonder if either of you would comment on that.

You are both pragmatic politicians because you run an employment service.

Mr. **Green**. I could be even more pragmatic and without being presumptious say, do you think that the Congress has any chance of passing your bill? I am thinking now in terms of cost.

Senator **Clark**. Well, there, you see, I get off on my tangent and I would answer you and say Secretary Wirtz thinks that we are starry eyed and way up in the clouds. We could cut $10 billion off of the $80 billion Defense appropriation tomorrow and never know it was gone.

If we did that we could pass my bill. This is a problem of education and I have to stick with it because if we don't do it this year we have to do it next year. To me it has the highest priority, so even if we don't get the bill passed this session I want to put Congress' nose right in front of the place where they have to save the money if we are not going to have absolute disaster in America.

Mr. **Green**. I agree wholeheartedly with the objective.

Senator **Clark**. What we have to do is to hope against hope we can get my bill passed through the Senate this year, but even if we can't let's get the bill in shape with many of the variables eliminated, many of the rough spots ironed out, so if things are as bad as I think they will be on the first of January we will be in shape to get it through in a hurry.

For that I solicit your cooperation.

Mr. **Lovell**. I certainly agree with this entirely. I don't think there is any question that we need many billions more in this area over the next 5 years. I don't address myself to how much because I am a realist, and I have said in my presentation that it seems to me it is good to take a look ahead to determine the kinds of effort that we want to pursue as money becomes available. I have spent some time here in talking about how we spend what we are currently spending because I believe that there is an opportunity today of reallocation of our funds in a far more significant way to achieve more effective results. I think we should take a look at that because in the current administration of this wide variety of programs, in spite of very sincere, conscientious efforts on the part of both Federal and local people, and on the part of the Congress, there is a lot of ineffectiveness in it.

Senator **Clark**. I said to Secretary Wirtz when he was here last week the administration of these programs is a mess and he said, "All right, but look how far ahead we are of where we were in 1961". And of course we are, which doesn't mean we can't do a lot better.

Mr. **Lovell**. No, no. Everthing I say is not to condemn what is going on. I think there has been conscientious, well considered efforts but I think we can do better and I think that part of doing better is in the way some of the legislation is designed.

Senator **Clark**. I want to get to your fourth point. Have you given Mr. Green a copy of your recommendations? Do you have one there he can follow along?

Mr. **Lovell**. Yes.

Senator **Clark**. Off the record.

(Off the record.)

Senator **Clark**. I think you have covered your first three points. Do you agree?

Mr. **Lovell**. Yes, sir.

Senator CLARK. Let's go to point No. 4.

Mr. LOVELL. Let me just read it. In order to provide a significant degree of cooperation between the various agencies charged with the responsibility of expending Federal money in the solution and alleviation of the problems of unemployment and poverty, and in order to bring about the maximum coordination of effort, I recommend that the State and local CAMPS committees be reconstituted to represent all such agencies and that the State committee be empowered to allocate, under a comprehensive State plan, all of the funds allocated to the State under manpower programs.

Senator CLARK. What do you think about CAMPS? How good is it?

Mr. LOVELL. Right now it is nothing. You see, it has no authority. It has no muscle. All it does is gather data after the event. The concept is excellent but, you see, you don't coordinate without some muscle. There is no such thing as coordinate if you don't have authority.

The CAMPS committees today have no authority.

Senator CLARK. You refer here "to be reconstituted to represent all such agencies." Can you spell out what "such agencies" means?

Mr. LOVELL. Let's just name a few that would be representative: The community action agencies, the Employment Service, the Bureau of Apprenticeship and Training, vocational rehabilitation, vocational education, the whole educational system in terms of the distribution of adult Federal funds.

Senator CLARK. MDTA.

Mr. LOVELL. MDTA, and in addition many efforts on the part of local groups. Let's say SNCC or CORE or NAACP or Urban League want a program.

Senator CLARK. Private civic groups?

Mr. LOVELL. Yes; and this would be a way for local groups—I think you are talking predominantly about Negro-dominated, oriented groups—to participate. We kid ourselves when we talk about this participation on the part of the poor at the higher levels. It really has been completely ineffective.

Senator CLARK. I don't agree with you on that.

Mr. LOVELL. Well, we need involvement but I think we have to recognize the level of involvement that is possible and start at the bottom and work up rather than starting at the top and work down.

In Detroit on the model cities the whole thing is in shambles today trying to determine who represents the poor.

Senator CLARK. Yes; and this is a problem which is made no easier by the Green amendment, that we had to accept last year to get a poverty bill through at all.

Mr. LOVELL. That is right.

Senator CLARK. On the other hand, not to take you too far afield, I do think a positive good of the maximum feasible participation of the poor has been to create a vested interest by people who hitherto had had no conscious participation, either political or social action. They are now very articulate indeed and this may be a pain in the neck to you, but I think on the whole it is an excellent thing to have these people hollering.

Mr. LOVELL. Senator, let me just make one comment on that. I don't think there is any idea that has offered more conceptually than this, and I certainly support it, but I think we have to recognize that in carrying it out we have to take a look at what is possible and how we should proceed with it.

Senator CLARK. What you are saying, and let me say it rather than you say it, although maybe I am wrong in my paraphrasing, is that you are concerned about the ability of the representatives of the poor to do the job they ought to do.

Mr. LOVELL. What you do is you build expectations. In the Detroit antipoverty effort those representing the poor really, although they debate, they have not had an effective voice in any decision really.

I think that is the truth of the matter and I think this is generally true.

Senator CLARK. I am surprised at that because I would have thought in Detroit Mayor Cavanagh would have cut them in pretty heavily. Mayor Daley says "no," and you have a wide variety of municipal experience.

Mr. LOVELL. I think Mayor Cavanagh has made every effort to involve them but 90 percent of the decisions are not made by Mayor Cavanagh, anyway. They are made in Washington in terms of the poverty program.

Senator CLARK. Yes.

Mr. LOVELL. And of that 10 percent by and large it is the bottom 10 percent so that the money is allocated by the city department and various establishment groups, anyway, and the poor debate about it but in the final analysis very little change is taking place as a result of their participation and yet their expectations have been built way up here.

What I am saying in essence is let us really involve the poor by allowing them to bid on efforts within their capability. You get a group of Negroes that want to get together a corporation, nonprofit corporation, do certain things. Let's make it possible for them to get the money. I have had a number of thoughts on the way you could involve Negro groups in terms of working with the Employment Service and I have talked with Stan Ruttenberg and others about getting them grants, say the Urban League, to follow up on people that have been placed by the Employment Service and give them a grant of, say, $50,000 to organize a volunteer effort.

Volunteer efforts just don't grow like Topsy.

Senator CLARK. Does he accept that suggestion?

Mr. LOVELL. Yes; I think in concept. We haven't boiled it down into money yet.

Senator CLARK. There is another thing before I call on Mr. Green to comment on this.

One thing disturbs me very much, probably because I started live as a mayor and had rather a contempt for the capability of the State to get in between the Federal Government and the local government without fouling everything up.

I know this is not true in many areas. It is only partially true in Philadelphia I think. I was prejudiced about it. But New York and Michigan I would think would be States, and California would be another, where the State can do a real effective job.

To that extent I am sympathetic with Senator Javits' concept of bringing the States much more into this and giving a more important coordinating role to the States, but I bet there are 40 States out of the

50 that wouldn't know which way to turn if you gave them a start and couldn't care less.

Either they don't have the same urban population which Michigan, Pennsylvania, and New York do, or, on the other hand, they couldn't care less, one man-one vote, not having readjusted their legislatures as yet. So I am very worried about the extent to which you can bring the State in, and I wish you two gentlemen would comment on that. Is there some way in which we could be sure that the good States get the authority they need and the poor States don't get a lot of money they can waste.

Mr. **Lovell**. I think we have to set up a mechanism by which so-called good States and bad States all can participate in a way that they can be constructive. With this CAMPS idea I am suggesting where the Secretary allocates 60 percent of available funds to a State CAMPS committee——

Senator **Clark**. Wouldn't you impose Federal standards?

Mr. **Lovell**. Oh, yes; not only Federal standards; in other words, they have to operate within existing legislation with some flexibility.

In other words, they would have to have a State plan. The State plan would have to be approved by the Secretary so you don't get out of control.

Then the State committees would be required to allocate 75 percent of that 60 percent to local CAMPS committees, again with a plan. Then the local CAMPS committee will have the opportunity of determining how much, and I am talking of the manpower programs now, would go to MDTA, how much would go to NYC, how much would go to rewarding, encouraging private effort on a contract basis and so forth.

Senator **Clark**. Mr. Green, would you comment on that recommendation four of Mr. Lovell.

Mr. **Lovell**. Four and five.

Senator **Clark**. Also five?

Mr. **Lovell**. Yes; the five just spells out in more detail how four would be achieved.

Senator **Clark**. What occurs to me is that Michigan has met Detroit and then the rest of the State and New York has met New York spreading over into three States and then the rest of the States. Doesn't this give you gentlemen a pretty serious problem of the tail wagging the dog?

Mr. **Lovell**. We have about eight CAMPS committees. We have Lansing, Grand Rapids, Muskegon, Saginaw, Flint, so that, well, what we would do if such a plan were operative is we would distribute 75 percent of the money to the various metropolitan areas and then the rest of it, the 25 percent, we would use on a statewide basis, probably the State administration, but I don't think that is a very serious problem.

Senator **Clark**. You don't think that is a serious problem?

Mr. **Lovell**. No.

Senator **Clark**. Mr. Green, how about it?

Mr. **Green**. I would agree with Mr. Lovell that if CAMPS is to be effective it has to be strengthened.

Senator **Clark**. It is ineffective today, is it?

Mr. **Green**. As of today it is nothing more than an information gathering mechanism without any teeth, as has been said, and you have described certain of the administration's procedures and programs as being in a mess.

Well, CAMPS is in a mess. We had, by way of illustration, a statewide meeting at the State level of CAMPS last week, the end of last week. Ample notice was given to all the participants.

At least five of the very important agencies that are involved in CAMPS failed to appear, didn't even send a substitute. One of them was OEO.

The Labor Department was represented, but then it turned out that the local area CAMPS people had not yet done anything by way of developing a plan, because at the Federal level they hadn't told them what they had to work with. That is a fine situation.

Senator CLARK. Well, do you gentlemen think that CAMPS can be pulled out of this ineffective lethargy and something could be done with it?

Mr. GREEN. The Javits bill proposes a State manpower council which is, I suppose, something like CAMPS perhaps with a little more teeth in it. I just don't know. I am not too clear on how the provisions would operate. For one thing, it isn't quite clear to me even under the Javits bill if you had a State manpower council, whether the State apparatus insofar as the manpower responsibility is concerned would lie either with the State labor department or with the State employment security agency; namely, the employment service. It may not.

Senator CLARK. Have you had a look—if you haven't I wish you both would and let me know what you think about it—at this California plan which Jesse Unruh testified about here last Friday? Apparently they have a piece of legislation which has received bipartisan support and they are hoping to get passed quickly. It would consolidate all these various manpower agencies in a new Department of Human Resources Development to the extent that it didn't sound like a gimmick to me.

It might be. I wondered if either of you had a look at it?

Mr. GREEN. No; I haven't, but it seems to me in Michigan—I am sure in Michigan as well as in New York—the manpower agency of the State government is already there in being.

Senator CLARK. He had it in the employment department. He thinks that is no good. He thinks the employment service should be confined largely to unemployment compensation and workmen's compensation, taking care of people who have had jobs and lost them and looking for them again.

Mr. GREEN. That is just a manifestation of the desire to separate unemployment compensation from the employment service to the utmost.

Senator CLARK. He wanted to confine it to unemployment compensation on the theory that you fellows aren't able to expand your horizons and take on the problem of poverty.

Mr. GREEN. That is an image that I am afraid we are having an uphill battle with. As you yourself said, well, New York and California, and Michigan may be all right, but what about 40 other States.

On the other hand, I think that, and your own staff people have acknowledged this in all of the documents that I have read, Garth Mangum and others, the employment service has changed. It has changed considerably in the last 6 or 7 years. It has moved with the times.

Senator **Clark**. Do you agree with that, Mr. Lovell?

Mr. **Lovell**. I don't think there is any question about it. Both at the Federal and State level there has been tremendous change. As I point out, this change does not come easily and it has not come quickly but it has come and it is in movement and will continue. I don't think it matters what you call it; the Employment Service is here to stay, whether it is with or without the unemployment compensation, and it is here as a major manpower arm so it is irrelevant whether you call it human resources or employment service.

We renamed ours. We didn't call it the Employment Service. We call it the Manpower Bureau now. It doesn't matter what you call it or where it goes. There is going to be disagreement.

Mr. **Green**. Malcolm, I would disagree with you. It doesn't matter what you call it and it doesn't matter to you or me personally but where it goes is important.

Senator **Clark**. Yes.

Mr. **Green**. It seems to me that under your bill and even under Senator Javits' bill it may not go to what we know today is the employment service. It may go to one or more other kinds of agencies. It may go to one of the so-called prime sponsors, and I still don't know what a prime sponsor is under OEO, that section 2(b). I don't know who can be named a prime sponsor.

If the State can't be named a prime sponsor then the State's responsibility for all of the things that we describe as manpower services may go to a community poverty agency, which in my view does not have the organizational know how, the trained staff to do a job of screening, of vocational counseling, job development, placement, and so on.

Senator **Clark**. The concept was that the prime agency could be the State if the State wanted to be, but usually it wouldn't in most States. It could be then, for that matter, a local government if it was going to, under the Green amendment, be responsible for the poverty program, but in all likelihood it would end up with the Community Action Agency because nobody else would grab it.

Mr. **Green**. If you could amend your bill and if Senator Javits could amend his bill to specify the role that the Employment Service would play certainly it would strengthen in my view each bill and I would be happy to see that amendment.

Senator **Clark**. My bill calls for the creation of 2,400,000 jobs in the hard-core unemployed in 4 years.

Mr. **Lovell**. Four years.

Senator **Clark**. And half divided between the private sector and the public sector. Do either of you think the State Employment Service in New York or in Michigan is capable of tooling up to handle the administration of that kind of a program?

Mr. **Lovell**. Senator, I would like to suggest this. I think we have two questions here. One is the presumptive sponsor because this job has to be spread out.

The cities, the States, private, and public agencies have all got to work together.

Senator **Clark**. Rural areas too. Let's not forget them.

Mr. **Lovell**. No. I am talking metropolitan, but in rural areas it has to be split up. No one group can do it all, nor should they try. I think that is an important point.

So when we are talking about a presumptive sponsor we are talking about a group to make allocations and to review and to make an effort to evaluate how the various subcontractors carry on their work. One main thought that I am trying to get across here is that this presumptive sponsor should not be an operating agency because if they are an operating agency themselves there is a tremendous internal pressure to bring as much into their own agency as possible, so I am not recommending that either the Employment Service or the OEO become the presumptive sponsor.

I am suggesting that the CAMPS organization on which both of these groups would be represented with a representative of the mayor and the Governor and various Federal agencies——

Senator **Clark**. Then they dish it out.

Mr. **Lovell**. They dish it out and the Employment Service gets its piece, and the OEO gets its peiece, and the Urban League gets its piece, and so on and then this CAMPS organization or whatever you want to call it has some staff that does something that we have neglected and that is evaluate and say, "All right, the Employment Service, their services are costing $1,500 to get a guy ready to go into work and if this organization can do it with equal effectiveness for $1,000 let's give it to them," put some competition into it.

Senator **Clark**. You and Secretary Wirtz are pretty much in accord on this because he said the big problem of CAMPS was lack of trained staff and he put $12 million in the budget to have staff assigned to State and local communities and he sees CAMPS as a coordinating agency, I suspect, Mr. Green, that you are a little skeptical about CAMPS' ability to be tooled up to do that.

Am I right?

Mr. **Green**. But I am not skeptical of the ability of the State of New York to tool up to your bill. As you have said in this report a large part of the disadvantaged are not in the urban areas but in the countryside, in the rural areas, in the South. Incidentally, if I may interpolate here, either bill is good for New York and perhaps we will find through your bill that one of the problems with respect to the whole arena that we are talking about here could be solved. That is, just by way of illustration, we think that in New York between 1965 and 1975 we will have a million more jobs, through the natural growth of the economy, which could be filled by the natural increase in the population but we also think that there would be just as many disadvantaged unemployed in New York in 1975 as there are today and that is because of the influx from the South to the urban areas in the North, the migration stemming from the fact that there are no opportunities in the South.

Senator **Clark**. You don't see any way of reversing that trend?

Mr. **Green**. It might be through your bill. Your bill might, and if it does that is all to the good because that is where the difficulty lies. That is where the problem is, in the South. The problem is not up in the North.

Senator **Clark**. Well, now, let's stop on that for a moment. How about all these kids that are being brought up in slums dropping out of school in New York City, Detroit too, I guess, coming into the labor market, sullen, unmotivated, incapable of holding any kind of job except practically possibly car washing. That is a Northern problem.

Their mothers and fathers moved up from the South. How do you respond to that?

Mr. GREEN. That is a problem I think we can handle with enough resources. You can even handle it through MDTA and some on-the-job training.

Senator CLARK. Actually we could start with the educational system. Headstart, isn't it? That is where it ought to start?

Mr. GREEN. There is no question about that either.

Mr. LOVELL. There is no question about it. We talked earlier about law, and medicine, and education, but the greatest revolution we need is in our system of education.

Senator CLARK. That is right.

Mr. LOVELL. It is just antiquated. I guess it is not up to us to discuss that today but that is fundamental.

Senator CLARK. It certainly is and of course what we are doing here is trying to put some scotch tape on an underlying problem which has to be solved at the preschool and school level.

Mr. LOVELL. We can't write off all these people who have been neglected by the school system but simultaneously we should treat it with the least scotch tape.

Senator CLARK. Do you believe that Michigan could handle the administration of my bill?

Mr. LOVELL. I don't think there is any question. The answer is "Yes." Certainly we can handle the administration.

Senator CLARK. You mean if you can get the skilled people to do this. That is what bothers me. Where are these people with some training in manpower administration?

Mr. GREEN. I am troubled by something else, Senator Clark. It is all very well to provide entry level jobs, but I don't understand and maybe I don't read the bills correctly, how you are providing for the skills, or for people to get the training for the skills, that industry and business need today.

There are these thousands of jobs which are going begging. Those are not the entry level jobs. Those are the supervisor's jobs, the foreman's jobs, the skill jobs.

Senator CLARK. There are 2 million of them we think right now.

Mr. GREEN. And for each one of those jobs that you could fill you could provide for 20 at the entry level. If you have a foreman then he could take care of 20 that are coming in, but without that foreman in that slot you can't take the 20 in.

What you are doing for that kind of situation under your bill is what I don't see.

Senator CLARK. Well, the concept of the bill, which is a long way from the practice, was that those 2 million jobs which are going begging today because there is nobody who has the skill to fill them would have to be filled through the institutional process of MDTA training, vocational training, in the schools, and the educational process.

I would quite agree you are not going to train very many of the hard-core unemployed to fill those 2 million jobs with the skills that they are to acquire.

Mr. **Green.** What do you do in the meantime? That is going to take a long time before you acquire those skills.

Senator **Clark.** I think to some extent what you do in the meantime is really up to the private industry and public employer to find those people. They have always found them before.

We went through the depression of the 1930's with literally millions of those jobs.

Mr. **Green.** Does your bill, to use your word again, offer any bribe to employers or does the bill make any provision for employers by way of compensation for upgrading?

Senator **Clark.** No.

Mr. **Green.** I see some, you know, hasty reference to this or ability to do it under the Javits bill, but not under the Clark bill.

Senator **Clark.** That is right because my concept—it may be wrong, and if it is wrong you tell me—was there was enough self-interest in filling those jobs because the employer is already advertising for people of that sort.

Mr. **Green.** If you offered the bait to employers for upgrading maybe they would go for it.

Senator **Clark.** It may be necessary. My view was, and it could be wrong, that they are looking for them now. They need them. Therefore you don't have to bribe them to get them.

Mr. **Lovell.** I think you are fundamentally right, Senator. I think that industry is going to provide the training they need to get their own skilled people. There is an old saying in the automobile industry that we have never lost a car yet for a shortage of people.

I think this is probably true to a greater or lesser degree in most industries, but I am concerned very much with the absence of preemployment training opportunities in both of these bills because I think if you place people on these jobs without this kind of preemployment orientation and training that you are going to lose probably 75 percent of them.

Senator **Clark.** I agree with you and I think we have to do something to strengthen that. Let's get along with your recommendations.

I think we pretty well covered (6); haven't we?

Mr. **Lovell.** Let me just make one more comment on (5). Both of your bills call for the OEO to be the prime sponsor. I really would like you to give serious attention to at least give them the alternative of making a CAMPS committee the prime sponsor.

Give them an either/or on it.

Senator **Clark.** Yes.

Mr. **Lovell.** Because right now the language pretty much forecloses any group other than the OEO, CEP operation as being a prime sponsor and I do think that if only as an experiment to those who want to organize the CAMPS in the way I recommend that it be possible. Under the legislation it is not.

Senator **Clark.** Mr. Green, you take a pretty dim view of CAMPS. Do you think we should put them on as a prime sponsor as opposed to OEO?

Mr. **Green.** I would endorse that wholeheartedly. So long as we have it let's strengthen it and under the bill ~~provide that~~ opportunity.

Senator **Clark**. I am concerned as you are about the way the community action committees are working out and I think an alternative of prime sponsors is well worth thinking about.

Have we covered (6) of your recommendation? It seems to me we have.

Mr. **Lovell**. Yes. I think we need more MDTA money. I think the present bill calls for about $218 million for MDTA and it is an absolute travesty.

Senator **Clark**. Do you have anything more to say, Mr. Green, before we move on to (7)?

Mr. **Green**. Yes; I would like to add to what Mr. Lovell has said about MDTA, especially MDTA in New York. I couldn't agree more that MDTA funds ought to be increased. The CAMPS proposal, as we just saw it a few weeks ago, provides for about the same amount of money in MDTA as last year, about $20 million.

The $9 million that we had last year in New York for on-the-job training, some of it going to the Feds directly to negotiate contracts and some to the State, has been taken out 100 percent. New York is one of the few States, Senator, under the administration's new proposals for allocation of funds, which would be completely denuded of OJT programs.

What they have done is to take the $9 million and allocate it to CEP and JOBS. On what basis New York has been sold on it I don't know, but New York needs OJT. OJT has worked in New York and something ought to be done to see to it that it is reinstated.

How that can be done, I don't know; but if there is any way that you can insure it or that the bill can insure it, it ought to be done. Imagine New York State being completely deprived of OJT funds.

Senator **Clark**. Fundamentally aren't both JOBS and CEP forms of OJT?

Mr. **Lovell**. JOBS is; yes.

Mr. **Green**. JOBS may be but I don't know about CEP.

Mr. **Lovell**. CEP is not. Sure, there is a possibility of having an OJT contract within the CEP concept but that depends on the availability of OJT money.

Mr. **Green**. You could, under OJT, go out and promote with employers OJT programs, but I don't see how that is possible under the CEP concept or even the JOBS thing.

Senator **Clark**. Why not the JOBS?

Mr. **Green**. Well, because, as it works up to now, at least, the State employment security agency cannot go out and promote. This is presumably a function of NAB and the regional office of the manpower administrator. All we are are recruiters for applicants.

Senator **Clark**. The argument was that OJT wasn't reaching the hard-core unemployed.

Mr. **Lovell**. That was true; it wasn't.

Mr. **Green**. Well, it depends upon where it was being done or what the percentage was.

Senator **Clark**. Do you think it was reaching them in New York?

Mr. **Green**. Yes, I think the percentage in New York was around 30 percent, something like that, but the trend was going up.

Mr. **Lovell**. Thirty to 35?

Senator **Clark**. JOBS is 100 percent hard-core unemployed.

Mr. Green. JOBS may be a flop because you say 100 percent, but under the BLS or the OEO concept of who the poor are many of the poor in New York are not going to get into the JOBS program, $3,200 for a family of four in New York City. That is ridiculous.

Senator Clark. Let's go on now to No. 8. I think we covered 7, didn't we?

Mr. Lovell. Yes, sir.

Senator Clark. Do you want to read it?

Mr. Lovell. In view of the extreme paucity of data on the characteristics of our labor force, particularly with respect to the specific disabilities of disadvantaged elements of our population, I recommend:

(a) the implementation of the Gordon's Committee's recommendation for a tenfold expansion of the BLS household sample;

(b) the expansion of the resources available to Federal and State agencies for research in this and related fields.

Senator Clark. What you are looking for are more credible statistics.

Mr. Lovell. Yes. Actually, even to spend $2 billion when you don't have accurate data on what the problem is, to me is really quite fantastic. It is comparable to the Edsel.

In other words, the expenditure of a quarter of a billion dollars by the Ford Motor Co. without knowing what the market requires.

Mr. Green. Mr. Beebe wouldn't like to hear that.

Senator Clark. Who?

Mr. Green. Mr. Beebe.

Senator Clark. We are still trying to get Mr. Beebe down here to testify. Now he is coming next Wednesday.

Mr. Lovell. He is an excellent person and very knowledgeable. But what I am suggesting is that we have more current data on a regular basis of the nature of the disadvantaged both rurally and in urban areas. Right now we don't know in the core areas of our major cities what the population mix is in terms of youth and women and the nature of this heterogeneous group. We have ad hoc surveys on it but it changes from time to time and if the programs should be geared to the needs of those individuals we have to know more about them and we just don't.

Senator Clark. How long would it take you to get that information? Five years?

Mr. Lovell. No; if we could get the money we could have it certainly within a year. It is just a question of expanding the BLS sample so it is meaningful on a quarterly basis.

Senator Clark. Of course, we are now engaged in a program sponsored by the White House to cut back the number of Federal employees, so how can you swim upstream on that one today? I don't know.

Mr. Lovell. Really, we are not talking about much money. Curt Aller tells me that for $10 million we could get a good beginning on an increase from this BLS sample to give us the information we want.

Senator Clark. You would have to hire a lot more people, wouldn't you?

Mr. Lovell. Well, when you are spending $2 billion, as a State employee and as one who is interested in cutting down Federal spending, I think it is just ludicrous not to put on the people it takes to collect the data.

Senator **Clark**. I, of course, agree with you, but try to sell that to the House of Representatives.

Mr. Green, do you want to comment on that recommendation?

Mr. **Green**. I would like to tie that up with Mr. Lovell's (9) (b), the data bank.

Senator **Clark**. Let's read (9) into the record and then we can discuss them together.

Mr. **Lovell**. In further recognition of the need for more adequate instruments for reducing frictional or structural unemployment, I recommend:

(a) that a comprehensive program of job vacancy surveys be instituted; and

(b) that the Department of Labor instigate and encourage studies designed eventually to provide for a data bank and a comprehensive communications network, so that workers with the potential for placement have the maximum exposure to jobs which they could fill with a relatively short period of training.

Senator **Clark**. This requires computers, I guess.

Mr. **Lovell**. Well, we are embarking right now on a computerization of the Employment Service. It will probably take 5 years before that is completed nationally. We hope to get it done in 2 years in Michigan, but potentially this will provide a sound basis for doing this work.

This question of job vacancy surveys gets into what I guess is the touchy question of the listing of jobs because I don't know of any way to compare job opening with applicants if you just have the applicants and not the jobs.

For example, in Michigan the other day we made a survey for the NAB organization, National Alliance of Businessmen, and we found that we had 60,000 people listed in our employment offices, and anyone who says that the poor don't come to the Employment Service doesn't know what he is talking about, because they do.

We had 60,000 people registered and we had at that particular moment of time 1,200 job openings.

Sure, the next day we probably would get 1,200 more, but at that one moment we had 1,200 openings and 60,000 people registered, and people say, "Why doesn't the Employment Service place all of their people?"

Well, that is not a very good ratio. It is like a bank that has no depositors and wonders why they can't make any loans.

Senator **Clark**. Now, Senator Javits' bill S. 3249 has a job vacancy survey provision. Do you think the language is adequate? We could add this to the MDTA section if necessary.

Mr. **Green**. Would you make it mandatory, Senator?

Senator **Clark**. I don't know. I haven't thought about it.

Mr. **Lovell**. I sort of laughed to myself, and I think Senator Javits is really one of the top people of this Nation. I am a great admirer of his, but he has been known to have some questions in terms of the role of the Employment Service vis-a-vis private employment agencies and I just wondered whether he recognized in this job vacancy survey provision really what he was saying.

Mr. **Green**. Apparently, Malcolm, he didn't realize that New York State has made two job vacancy studies and surveys within the last 4 years or so at the request of and with the cooperation of the U.S. Labor Department and one was in New York City and a smaller one in Buffalo.

Now, we had an awful time in New York City because the elite corporations, those who are now so deeply involved in NAB and JOBS didn't want to cooperate. They didn't want to cooperate because it was the Employment Service that was conducting the survey and they were afraid that if they listed all their job openings we would without their consent refer our applicants to those jobs.

Senator **Clark**. What is wrong with that?

Mr. **Green**. That is what I asked them; what was wrong with that: The old image again; all we have are the dregs in the bottom of the barrel, and so on.

Mr. **Lovell**. I think this is changing now.

Senator **Clark**. I was going to say that represents a certain amount of cultural lag which perhaps is moving along.

Mr. **Lovell**. I may be wrong on this, but I think historically, say, 10 or 15 years ago, the reluctance to listing jobs in the Employment Service was that Negroes might be referred. I really think that not only is changing but has changed and I think that there would be much more receptivity to listing.

Nobody is suggesting that an employer has to hire someone referred by any agency and I would be the last one to recommend that even as a possibility but the listing of a job I think isn't that bad.

Senator **Clark**. You don't have to put them on.

Mr. **Green**. I would like to see it in either bill in some workable fashion because I think it is desperately needed.

Senator **Clark**. What is your general comment on Mr. Lovell's recommendations (8) and (9)?

Mr. **Green**. Well, there is no question but that we need more data but we have also got to know and understand how to use the data when we get it. We have an awful lot of data right now in New York.

Senator **Clark**. Are you concerned, as I am, that it will take so long to get the data that we won't be able to get the legislation effective as early as we should and we probably have enough data to start with, I think.

Mr. **Green**. I think in New York we are engaged not only in a comprehensive electronic data processing program in the placement area but we are giving the highest priority not to the matching of men and jobs per se, but to getting on tape into our files all of the human resource data that we can with respect to the disadvantaged. This we expect to have and in operation by October.

Senator **Clark**. Off the top of my head by comment would be that Mr. Lovell's recommendations are highly desirable but we shouldn't wait until we get the data before we pass the legislation.

Mr. **Lovell**. Oh, my goodness, no. I would be the last one to suggest that, but, Senator, I would like to suggest this: That as I look ahead over the next 5 to 10 years we are going to be increasing our effort in this manpower area, not decreasing. I don't think there is any question about it. We are not going to be doing less. We are going to be doing more.

Senator CLARK. Just the one thing. We are going to have, I hope, several million soldiers demobilized and coming back looking for jobs. We better start thinking about that.

Mr. LOVELL. That is right. I am not saying anything should wait but I think we need to proceed with some vigor so we understand the question more clearly. It is remarkable in this Nation that a sociologists writes a paper with very limited data and everybody climbs on the wagon and says this is great and nobody studies it to see whether that sociologist happens to be right or not.

Sociologists are, perhaps, among the least accurate of our scientists. They are more apt to be ruled by their hearts rather than their heads, and I suppose that is good in a sense, but I think it is time we really take a look at the nature of the problem we are dealing with so we understand it more clearly.

Senator CLARK. I think some of the natural and physical scientists might be put through the same wringer, as, for example, the antiballistic-missile system, which everybody knows is no good.

Mr. LOVELL. I am not in a position to make a judgment on that, but I think if we are going to spend $2 to $11 billion in the manpower area we should spend a little money finding out where we are going and what is the problem.

Senator CLARK. I think we are all in accord and the problem is we have to do everything in Washington. Let's go to your number 10 which I think you might read. I have a feeling myself it is politically impractical.

Mr. LOVELL. I will read it.

Since provision for "in kind" contributions to Federal programs providing for less than 100 percent Federal financing have generally operated as a subterfuge to permit the participation of State or local agencies unable to provide contributions in cash, I recommend that "in kind" contributions be abolished, and that the Secretary of Labor be given discretion to provide 100 percent Federal financing whenever, in his view, a cooperating agency is unable to participate in the financing.

Really what I am saying is if you want the local groups to participate financially require cash. "In kind" requires government agencies to lie and I think it should be a matter of public policy that anything other than the highest ethical conduct is to be avoided.

I know the General Accounting Office now is looking at some of the ways under MDTA in which "in kind" is being used and I am scared as heck about it.

Senator CLARK. I share your concern. On the other hand, I have to floor-manager this bill through the Senate, get it through conference in the House, and if you start talking about 100 percent Federal contribution you have lost, well, 50 votes in the House and seven or eight in the Senate before you even start.

Mr. LOVELL. Require it in cash then and make the States come up with the money. We could have raised $600,000 in the State of Michigan for MDTA if it was required, but it wasn't required because we could mess around with our bookkeeping and find depreciation, and rent, and heat, and so forth, which we hope sticks so that it is not necessary, but if it was necessary they would come up with the money.

Senator CLARK. How about it, Mr. Green?

Mr. **Green**. I would be inclined to disagree. I recall at the beginning of the discussions on MDTA that when the question of matching came up a poll was taken of the States, and I don't remember the exact number, but I venture to say that a third of them weren't going to go into MDTA if it required State matching in cash.

Senator **Clark**. You remember the way we passed the bill first. We had an escalating percentage of State matching until you ended up with the State paying 50 percent of the cost and/or the locality. We just had to knock that out but we had a terrible time doing it.

Mr. **Lovell**. I think that is right. I don't think the State could come up with a portion such as 50 percent or even 25 percent, but I think that the Congress is fooling itself if they think this matching money is saving the Federal Government anything. It is not.

Senator **Clark**. I know it is not.

Mr. **Lovell**. All it is is a full employment act for bookkeepers and accountants.

Senator **Clark**. I agree. Nevertheless, I think politics being the art of the possible, it is very difficult indeed to change it.

Mr. **Lovell**. I appear here today as a professional manpower expert, not as a politician.

Senator **Clark**. Mr. Green, we have had the privilege of Mr. Lovell concentrating his recommendations in 10. Can you do the same for us with respect to yourself, not 10, but I mean can you summarize what you would like to have us do and we will kibitz with you the same as we did with Mr. Lovell.

Mr. **Green**. I would agree. I don't have a seritim set of recommendations as did Mr. Lovell, but I would agree with most of what he had to say. I think in summary that your bill is to be preferred over Senator Javits' bill in terms of the numbers of people to be covered.

The numbers under the Javits bill might be more practicable in the light of what the Congress is going to provide, but, as you said, you ought to aim your sights pretty high.

Senator **Clark**. Our problem pragmatically, and I don't mind stating this on the record, is to try to get a combination of two bills and get enthusiastic support from Republican as well as the Democratic members of the committee. This is where you can help us in indicating where you think parts of the Javits' bill might wisely be incorporated in the Clark bill and, possibly, vice versa.

Mr. **Green**. I like that part of the Javits bill which refers to a State manpower council as against yours which is silent on the subject. That is the CAMPS notion.

Senator **Clark**. Yes.

Mr. **Green**. I like that part of the Javits' bill which refers to the job vacancy studies.

Senator **Clark**. You do it with a private corporation, too; don't you? What is wrong with giving him a private corporation?

Mr. **Green**. Maybe I am sort of congentially opposed to what I think private corporations can do as against what State governments or the Federal Government can do. I too am a professional, having been in employment security for a quarter of a century so I care little for the politics of it.

I am opposed however, not too seriously or strenuously to the reference in the Javits' bill to the GAO being the watchdog of the manpower programs. They have been in and out of our offices in the past without benefit of legislation and we, as well as other States, haven't liked it, not because they snoop, but because we really think that they don't know what they are doing or don't know what they have been looking for.

Senator CLARK. I tend to agree with you although I wouldn't be held down to that, but, you know, we would not have gotten the poverty bill through last year if we had not agreed with Senator Prouty's concept that the GAO would make a massive audit and recommend within a year what they thought about the poverty program.

To some extent I think it is like the blind leading the blind. I am afraid you are going to have to have the GAO if you want these programs at all.

Mr. GREEN. As I say, I have no real serious or strenuous objection. I understand what the politics of the situation is and it may be a trade off for something else.

Senator CLARK. Don't forget that democracy is the worst form of government ever invented except all others.

Mr. GREEN. I would approve all else since the invitation to us to appear here today spoke of the—you described it as the oversight. I call it the overview of the whole problem, and at the risk of seeming to be too narrow and parochial and of trying to defend a vested interest I would say, as Garth Mangum has said, that you have a good organization in the Employment Service. Don't scrap it.

Senator CLARK. Don't you agree it is better than it was before we took after it 4 years ago in this committee?

Mr. GREEN. It is better only because, No. 1, it moved with the times, as in my opinion it did over the years. No. 2, you provided the employment security program with some money for a change.

Senator CLARK. No. 3, we passed in the Senate those amendments to the Wagner-Peyser Act and that raised a swarm of hornets. Would you give us credit for that or not?

Mr. GREEN. What amendments were passed to the Wagner-Peyser Act. You had the Employment Security Act which didn't pass, your bill of 1966 or 1967.

Senator CLARK. That is the one I am talking about. We got it through the Senate.

Mr. GREEN. That is right, even though there were some parts of that I didn't like too much because it built up the private employment agencies.

Let me say this, again as an observer of the European employment service and manpower programs and so on: One reason they are so eminently successful, and I think probably the reason above all else, is that there is not a proliferation of agencies handling the manpower program. There is one agency of government, one source of funding, and the one agency that handles all of the various kinds of manpower programs that make for a unified manpower policy of the government is the state employment security agency, the employment service, in every country where it is successful.

Senator CLARK. Don't forget they don't have to worry about our Federal form of Government in most areas. They just have the top level government, the sovereign states.

Mr. **Green**. You wouldn't have to either if you provided in these bills that the U.S. Labor Department and the Federal-State employment security program handle the manpower function.

Senator **Clark**. It seems to be kind of a kickback from many States and many interests.

Mr. **Green**. What if there is.

Mr. **Lovell**. I think the Employment Service can stand a little competition. I am not afraid of competition. I really think that if we are going to solve the problems that face us as a Nation today we have to make it possible for a wide variety of institutions to participate and cooperate and that is why I recommend one organization that acts as the prime sponsor that can funnel it out and give some organization to the competition, but right now the way things are everybody has their own source of funds that come down through different regional offices and different bureaus through a wide variety of departments and everybody is pretty much on their own and there is very little coordination.

Mr. **Green**. Malcolm, aren't you saying the same thing that I am, that competition is one thing, but when there is a proliferation of agencies each with its little hand out and having that hand being provided with money, this is just a disruption of what you can do for the poor, for the disadvantaged.

Senator **Clark**. I agree with the diagnosis and have for a good many years going back to the days when this subcommittee originally wrote its manpower legislation. I think it was 4 years ago. But I can't figure out the cure.

Mr. **Green**. The cure, for instance, in New York City would be to avoid in some manner the competition that exists between the city of New York and the State of New York.

I heard it said that the mayor was here not so long ago, and advocated a municipal manpower agency for the city of New York, as if they didn't have one now. They do and it is funded through Federal sources, but, of course, they have in my view a paper organization, a paper tiger maybe, and then they come around to the State and ask for our expertise, so that 18 of the city's manpower centers are staffed with our people.

Senator **Clark**. Well, sure, but what could the Federal Government do to stop that competition between Albany and New York City which has been going on ever since I could read and write. Isn't that true? Harrisburg and Philadelphia are child's play compared to Albany and New York City. I don't know about Detroit and Lansing.

Mr. **Green**. One thing they can do is to not fund it. It is as simple as that.

Senator **Clark**. How about it, Mr. Lovell?

Mr. **Lovell**. You are always going to have competition, I think, between your big cities and your States. I think it is a question of defining the areas in which they compete and making sure that there is some organization of the city and State effort on the part of the Federal Government that does it on an organized basis.

I think there is a legitimate role for both city and State. If there wasn't the political necessities would create it.

Mr. **Green**. That is a different story and getting into the politics of it again but I am a little bit rabid on the subject of New York

City and the State, and by way of illustration of what I think is the lack of expertise, if you don't mind using names, you had Mitchell and Mike Sviridoff come in from New Haven, and I personally think that the reputation that the New Haven poverty program received, the accolades it received throughout the country, was based on what the Connecticut Employment Service did for that poverty program, but coming into the New York jungle was another situation and so what has happened?

Sviridoff is out. His manpower administrator is out. His community agency man is out so the three top men after 1 year are out. It was just not working. In the meantime there was the so-called competition and everybody out for the dough and a handout and so on, everybody knocking, as I told you, Senator Clark, a year ago, everybody and his brother and cousin knocking on the door of the same employer looking for jobs through their jobs developers; Macy's in New York had in one year over 90 different agencies asking for jobs. This isn't healthy.

Senator CLARK. I agree with you. I agree with you. I am still fussing around though to have created a feasible plan by Federal legislation which will eliminate some of this chaos. I am still floundering. Do you put it all in the State employment service?

Mr. GREEN. If as Malcolm Lovell has said, and I endorse, you can somehow give CAMPS a chance or the State manpower council a chance with some teeth, maybe that will work, but not if it is just an information-gathering mechanism.

You know, it is very well, as someone has said—this may have been Sar Levitan who said it, I just don't remember—"You know a cooperational coordination usually means you 'co' and I will 'operate.'"

Senator CLARK. I would think I like the idea of CAMPS. Would you both agree this is worth trying?

Mr. GREEN. Yes, sir.

Mr. LOVELL. Yes, sir.

Senator CLARK. I don't want to cut you off, Mr. Green. I have some other questions. Have you said about all you want to say?

Mr. GREEN. I think I said about all I want at his point; yes, sir.

Senator CLARK. I want to call your joint attention to some comments about the State employment service in a report of the Committee on Administration of Training Programs. As you know it was set down in March of this year. Have either of you gentlemen had a chance to look at them?

Mr. GREEN. No, I haven't sir.

Senator CLARK. Have you?

Mr. LOVELL. I don't believe so, sir.

Senator CLARK. Well, that is sad indeed. For the record the Committee on Administration of Training Programs was established by law, Public Law 89-787. This report will be printed as a committee print by the subcommittee in the near future.

Mr. LOVELL. Is this about 2 or 3 years ago?

Senator CLARK. No; March 1968. Off the record a moment.

(Off the record.)

Senator CLARK. We will just put in the summary of the first few pages of the general findings and recommendations and then on page

41 of the report the following comment is made which I would like to read and ask you gentlemen to comment on.

This is comment No. 14.

> The quality of personnel and the performance capabilities of the State Employment Services should be improved. General revenue funds should be used to supplement the employer payroll taxes as a source of financial support. If recognition in the form of demonstrated actions by the States as to the vital responsibilities incumbent upon these services in the achievement of national manpower goals is not forthcoming, consideration should be given to the substitution of a Federal Employment Service for the present arrangement.

And then skipping because I want to get it all before you. This goes into pretty deep stuff.

> Dissatisfaction was expressed to the committee regarding numerous aspects: Failure to cooperate with other Federal agencies; insincerity in the pursuit of program goals; intransigency to new ideas; indifference to minority employment needs; failure to develop adequate out-reach programs; poor staffing, incompetent administration ;and constraints imposed by an administrative structure patterned according to political boundaries rather than labor markets.

Then skipping again——

> There is mounting concern that the present funding source is approaching the exhausting point. The four-tenths of 1 percent tax on the first $3,000 of covered employer payrolls represents a relatively static funding source.

Skipping again——

> Nevertheless, the public employment service is insufficiently funded to perform the range and quality of manpower services that are its responsibility.

And then skipping again——

> But more money alone is not the sole answer. Within most States it is necessary to change administrative structure, induce greater efficiency, and—most important of all—raise salaries for high quality personnel recruitment purposes.

Then finally——

> Therefore, the committee recommends that the Secretary be empowered to declare a State's employment service program to be "out of conformity." In such an instance, the Secretary could not only withhold all funds from a State's employment service as he is now empowered to do; he could also federalize the employment service functions of the State without simultaneously federalizing the same State's unemployment insurance program.

That is pretty stern stuff and I would like your comments.

Mr. GREEN. As you were reading I jotted down some of these things, most of which I of course disagree with about 1,000 percent, if that were possible. I agree with the comment that salaries ought to be raised.

Senator CLARK. I thought you would go for that. I am still looking for a further raise in the salary of the Senators, but I am not apt to get it.

Mr. GREEN. I would agree that general revenue funds ought to be considered as a source to support the employment service. We are right now at the bottom of the barrel, as you know. The four-tenths of 1 percent on the $3,000 base just can't support the UI program and the employment service. It is simply impossible.

But largely the fault for this lies not with the States but with the Federal Government. There was a provision in the Federal standards bill of a couple of years ago to increase not only the base but the rate.

It seemed to me then and it seems to me now that that portion of it could be plucked out and submitted separately as a revenue measure.

I would be in favor of that. All of the other kudos such as the State employment service or services having failed to cooperate, perhaps the staff people had some States in mind, but I am sure they didn't have Michigan and New York in mind. The sincerity, the failure to cooperate, the indifference to minority groups, and so on just isn't true, the failure to keep up with the times.

These are fantastic statements. Whether they are true in Alabama, or Mississippi, or Georgia or other places I simply can't say. As to federalization, of course I am opposed to that too, not because I am a states righter. I am not.

Senator **CLARK**. You are getting paid by the Federal Government.

Mr. **GREEN**. Yes, I am getting paid by the Federal Government.

Senator **CLARK**. If the Federal Government is paying the piper why shouldn't it be able to call the tune.

Mr. **GREEN**. Simply because I think it has been shown and proven in many, many instances that centralization is not the answer. The Federal Government supports many institutions and pays for many programs in the States, including health, and welfare, and road building, and so on, but nobody has suggested that that be institutionalized in Washington. Even the Senators of great reputation are coming around to the point of view that maybe people at the local scene know best what the solutions are and what the answers ought to be.

Senator **CLARK**. What do you think about empowering the Secretary to declare a State's employment service program out of conformity and withholding funds?

Mr. **GREEN**. Under what set of circumstances?

Senator **CLARK**. They would have to be standards to the effect that they weren't performing the functions which they were given by law.

Mr. **GREEN**. Why doesn't Mr. Lovell answer that question?

Mr. **LOVELL**. First of all, in the manpower field the Federal Government always has called the tune to the States. We have never been reluctant to follow Federal admonishments in terms of our manpower program.

The truth of the matter is that it has taken 2 or 3 years for the Federal Department of Labor to organize the manpower administration with any degree of effectiveness.

Senator **CLARK**. Of course I will say you fellows have a very effective lobby.

Mr. **LOVELL**. I think that perhaps is true.

Mr. **GREEN**. You mean the Interstate Conference?

Senator **CLARK**. I don't know offhand. It is the organization of State employment service officials.

Mr. **GREEN**. Interstate Conference, yes.

Senator **CLARK**. They are very effective. They really let the boys have it when they tried to take those amendments away.

Mr. **LOVELL**. One of the things that has confused Federal-State relationships has been the fact that unemployment compensation has dominated the relationship.

Senator **CLARK**. That is right.

Mr. **LOVELL**. And this is beginning to change.

Senator **CLARK**. I agree.

Mr. **LOVELL**. But in the manpower field the Federal Government has not had any difficulty in calling the tune and the States have cooperated.

Senator **Clark.** Some of the States have cooperated.

Mr. **Lovell.** Well, by and large, but the Federal Government—and I have said this to Stanley Ruttenberg many times—has authority that it has never exercised. It is fairly recently that the manpower administration has achieved substantial control over its own Federal operation and if that is an example of achieving efficiency through federalization I don't know how many years it would take if we were federalized for the Federal Government to exercise any effective control over their own operations.

Senator **Clark.** I think the concept was not that the Federal Government would, because the Federal Government would have the power to use a pretty big stick against the recalcitrant employment service which was not doing what it was supposed to be doing.

Mr. **Lovell.** The Federal Government has a big stick and if it wants to use it it may.

Mr. **Green.** I would agree with that.

Mr. **Lovell.** They have their own problems in the use of that stick and I am not going to tell them how to do it but we don't have the problem in the manpower field that there is in the unemployment insurance field.

We are operating under one Federal law. We are not operating under 50 State laws as we do under unemployment compensation and if the Federal Government wants change it can get it. I think it is quite interesting that I have not yet seen a single statement from the Federal Government which officially charges the employment service to deal with the disadvantaged as its primary responsibility.

We have had loads of speeches about it and lots of private conversation about it. I have seen a draft of a document that hasn't come out on this subject, but when the Federal Department of Labor gets into a position to exercise the muscle that it already has and fails, well, we can talk about other techniques, but I think they should utilize what they have first. I am opposed to federalization.

Mr. **Green.** Senator, I can tell you, as Chairman of the Interstate Conference's Committee on Urban Affairs, the U.S. Labor Department has a lot of muscle in the employment service, tremendous amount. I am surprised to hear you say that the Interstate Conference was opposed to your bill on the Employment Service Act.

Senator **Clark.** No, I didn't say that. I said they have an effective lobby and we certainly had to listen to them carefully. Off the record.

(Off the record.)

Senator **Clark.** Thank you very much, gentlemen. You have been a great help to the subcommittee. It has been a pleasure to have you here.

The subcommittee will recess until 10:30 tomorrow morning.

(Whereupon, at 11:40 a.m., the subcommittee recessed to reconvene at 10:30 a.m., Tuesday, May 14, 1968.)

EMPLOYMENT AND TRAINING LEGISLATION—1968

TUESDAY, MAY 14, 1968

U.S. Senate, Subcommittee on
Employment, Manpower, and Poverty of the
Committee on Labor and Public Welfare,
Washington, D.C.

The subcommittee met at 10:30 a.m., pursuant to recess, in room 4232, New Senate Office Building, Senator Joseph S. Clark (chairman of the subcommittee) presiding.

Present: Senators Clark (presiding) and Javits.

Committee staff members present: Michael W. Kirst, professional staff member; and Robert E. Patricelli, minority counsel to the subcommittee.

Senator **Clark**. The subcommittee will resume its sessions.

Our first witness this morning is Mr. Robert E. Flanagan, chief of the educational services, Quincy Division of General Dynamics.

Mr. Flanagan, we are very happy to welcome you here and we look forward to your testimony with respect to the on-the-job training aspect of the Manpower Development and Training Act.

STATEMENT OF ROBERT E. FLANAGAN, CHIEF OF EDUCATIONAL SERVICES, QUINCY DIVISION OF THE GENERAL DYNAMICS CORP., QUINCY, MASS.

Mr. **Flanagan**. Mr. Chairman and members of the subcommittee:

My name is Robert E. Flanagan. I am chief of educational services for the Quincy Division of the General Dynamics Corp. at Quincy, Mass.

I will restrict my comments on the National Manpower Act of 1968, the Emergency Employment and Training Act of 1968, and the extension of the Manpower Development and Training Act to those aspects of the proposed legislation that are particularly pertinent to private industry.

Over the past 4 years, the Quincy Division of General Dynamics has had considerable experience with training contracts negotiated and fulfilled under the Manpower Development and Training Act.

These programs have been institutional, OJT, and coupled. They have involved over 1,900 trainees and were supported by Federal funding of approximately $2 million.

We are presently engaged in training our first group of 200 hard-core unemployed under a test training contract amounting to $800,000.

We have also submitted a proposal to hire 295 additional hard-core trainees in a contract amounting to $1,332,000 under the MA–2 program, which is awaiting administrative action.

The experience we have gathered in constructing, proposing and implementing Federal training contracts has led us to this conclusion:

If private business is to be encouraged to participate in the training of the unemployed and underemployed a more simplified procedure than the current contract mechanism is absolutely required.

The simplified procedure should be the tax incentive plan recommended by the Advisory Panel on Private Enterprise in its report to the National Advisory Commission on Civil Disorders.

In my previous appearance before this subcommittee on February 24, 1966, in testifying on MDTA on-the-job training programs, I made three recommendations. These were:

1. Reduce the time necessary to administratively process a program so it can be responsive to the skill—manpower—requirements in an area.
2. Promote better understanding among the cognizant agencies so they can better advise industry as to the purpose and intent of on-the-job training under MDTA.
3. Encourage the Government agencies to aggressively seek out employers regarding on-the-job training as a means of meeting their skill needs.

I believe these recommendations are needed more today than ever before if we are to successfully involve private business in manpower training programs for the disadvantaged.

In seeking a manpower training program, information is limited, negotiations are too prolonged. The prospective employer must expend considerable effort and incur nonreimbursible expenses, to get a training program approved. Procedural requirements act to discourage all but those companies who have the will and the resources to seek these programs.

A review of the experiences the Quincy Division of General Dynamics has had in securing Federal training programs appears appropriate.

Our company records indicate that from August of 1964 to the present we have applied for 26 training programs. Sixteen of these programs, involving 1,900 trainees, were approved.

Total expenditures for programs amounted to approximately $2 million as I mentioned before. Ten programs were not approved, or have not been acted upon. The 10 programs we did not receive offered 1,138 jobs. The funding requested was slightly over $1 million. Why were these 10 contracts denied?

We believe there has been a tendency on the part of manpower administrators to act reluctantly on our programs because of their concern that they were providing a single company in Massachusetts with too large a share of available funds. However, our manpower needs were extraordinary from 1964 to 1968.

During this period of time, we were sorely in need of skilled employees. We had purchased our shipyard in December of 1963. Our employment went from practically zero in January of 1964 to about 9,300 people in January of 1968. Manpower administrators in our area and in Washington were aware of our large and urgent need for trainees.

Of the 16 programs we proposed, that were approved, the time required to secure them was much too long to be truly responsive to our needs. Extracting the six institutional programs from the 16, the records of time involved in securing the remaining 10 OJT programs are most discouraging.

The records show the average length of time to secure a trianing contract was 8 months. Our records also indicate that we had to make an average of 19 contracts—by that I mean local meetings, telephone calls, letters, trips to Washington, and so forth—on each contract before final approval.

Whenever we had an MDTA contract, we offered positions to persons who would not normally meet our standards of employment. Today we are offering more jobs to the disadvantaged because of the training contract we possess under the test program.

From our experience, we would say that the involvement of the private sector in training the disadvantaged will be slow and limited, in relation to the need, unless improvement is made in the areas I have previously mentioned.

The tax incentive plan is a step in the right direction.

The tax incentive plan offers an easily achieved opportunity for all employers, large or small, to participate in training our disadvantaged people, because of its simplicity.

However, it should not be inferred, from a strong recommendation for the tax incentive plan, that we propose abandonment of the contract mechanism. Rather, we advocate the existence of both opportunities.

For example, section 203 of title II of the proposed act of 1968 insures training quality that is not apparent in a tax incentive plan.

Section 203 outlines the training program requirements which include job objectives, length of training period, the amount of hours of supplemental related instruction required, and so forth.

The training plan and the contract requirements serve to insure the trainee, the Government, and the employer that the best possible instruction is being received for the money expended.

In President Johnson's manpower message of January 23, 1968, he recommended the expansion of the concentrated employment program, 600 additional personnel for the manpower administration, and extensive funding of the cooperative area manpower planning system in fiscal 1969.

These recommendations, if adopted, would, in my opinion, vastly help to promote greater employer participation. I work closely with the Boston concentrated employment program which is under the direction of action for Boston Community Development, Inc.

I would hesitate to enter into a hard-core manpower training program without their assistance, for they have certain abilities, attitudes, and community knowledge of tremendous assistance and value.

Additional personnel for the manpower administration are sorely needed to expedite contracts.

Finally the local, State, and Federal agencies working together under the cooperative area manpower planning system could provide more consistent and accurate information and assistance to employers than heretofore.

The same objectives of providing more assistance and information to employers could also be met by passing the National Manpower Act of 1968, particularly title V.

In the National Manpower Act of 1968, an "economic opportunity corporation" is proposed. This private, nonprofit corporation would attempt to stimulate greater participation by private employers in manpower training by providing a central source of information, research and technical and financial assistance in planning and carrying out programs.

Whichever vehicle of communications, coordination, and implementation might be selected is not as important to me as the fact that an improved organization, or a new organization be charged with producing more employer involvement, and more effectively, than under previous or existing MDTA programs.

To encourage private industry toward greater participation in these training programs the necessity for greater dissemination of information, greater assistance to the employer, and more efficient administration of applications is of paramount importance.

I would like to give you a second concrete example of the need for greater coordination between Government and industry.

In December of 1967, the U.S. Department of Commerce was engaged in developing training programs for the "hard-core unemployed" in five major cities of the United States. This was known as the "test" training program.

At that time, we had been operating a small pilot training program in the Boston ghetto area in conjunction with our local concentrated employment program agency.

Representatives from the Department of Commerce observed and investigated this pilot operation.

They then sought us out and asked us to consider expansion of this small program. In response on January 11, 1968, I submitted to the Commerce and Labor Departments a proposal to train and hire 200 disadvantaged personnel as welders.

Working with the Commerce and Labor Department representatives, I received on January 21, 1968, a temporary letter contract authorizing us to proceed and to expend up to $100,000 until the final contract could be definitized.

This is the fastest action I have ever seen on any contract and I think that the Department of Commerce stimulus was of the type that is needed.

Unfortunately, Commerce Department officials were withdrawn from this area of activity shortly after I had received my letter contract on January 21. On February 20, I submitted a proposed definitized contract to Labor Department representatives.

The administrative burdens on the Labor Department were such that other than the granting of temporary extensions, final contract definitization has not yet been realized.

My object here is not the singling out of any individuals or group and accusing them of being at fault. My main purpose is to point out once again the need for an improved system of Federal administration of manpower training programs.

My last comment involves our desire to see the Manpower Development and Training Act extended. This act has provided private industry with funds not only to train the disadvantaged, but to train and upgrade the nondisadvantaged as well.

The current emphasis on private business training the disadvantaged must be continued. However, I would hope to see more MDTA sponsorship of apprentice training programs and other trade training programs involving the nondisadvantaged.

In some instances, manpower administration policies have required that given percentages of a proposed group of trainees come from the disadvantaged sector. This can result in a program being denied when sufficient qualified candidates among the disadvantaged are not available.

I believe that the federally sponsored training programs you are evaluating may be regarded as a sound business investment. The funds invested in developing a salable skill in a trainee are eventually returned to the Government in the form of income taxes or higher income taxes.

This Federal investment in manpower training can be likened to the investment the Government made in the GI bill following World War II.

Under that program, thousands of people who received college degrees and many more who completed craftsmen training programs have returned and will continue to return the Government's investment in their training.

As a training director and as a private citizen, I urge you to continue this investment.

Senator CLARK. You don't think it is feasible to work out a system by which the employer is paid a subsidy for the difference between the cost of training the hard-core employee and the cost of training an ordinary employee?

Mr. FLANAGAN. Let me ask you a question, if I may. Who knows what is the extraordinary cost that we are going to experience in training the hard core versus the nonhard core?

Senator CLARK. I suppose it has to be worked out on the basis of experience but I should think the statute would be broad and in general terms so that in ordinary accounting principles, you would be entitled to get the difference.

Mr. FLANAGAN. When we get the experience this can be done.

Senator CLARK. The difficulty with the tax incentive—and I am not saying that I am against it, and we have to think about it very carefully—if you give a tax incentive, how do you know the employer has done the training for which he gave the tax incentive?

Would it be your feeling that he would not get the tax incentive until after he produced? That would not be satisfactory, either.

Mr. FLANAGAN. I can only speak for my own concern. We want the man to become productive as early as possible. I would compute, for example, how much I could expect to receive for 75 percent of his wages for the first 6 months.

I could compute the losses, the number of people that I would expect not to complete 6 months. I would then simply go to my accounting people and tell them these are the number of nonproductive hours that I want put in my budget and these hours we would use to make these people productive.

There is an awful challenge when you ask an employer to retain these hard-core people for a 6-month period. We have had a little experience in this field—very, very little—and I think I have computed exactly what we would get as a return if the tax incentive plan were adopted and it would be a little bit less than some of the existing contracts we have at a per capita cost per employee.

Senator CLARK. How would you compute the tax incentive? On what would it be based?

Mr. FLANAGAN. I would accept the recommendation of the committee, 75 percent of the benefits of his wages for the first 6 months, and so on.

On these hard-core disadvantaged programs, I would say they are running about $4,000 per individual. Our lowest wage is $80 a week.

The maximum I could get back on a successful trainee would be somewhere in the area of $4,000. You would have to compute how many successful trainees I would have in relation to the huge numbers I would have to start in order to get so many through 6 months, 12 months, and so forth.

Senator CLARK. In other words, you want to claim the tax credit?

Mr. FLANAGAN. The tax credit.

Senator CLARK. In order to do that you would have to file papers on just what you have done.

Mr. FLANAGAN. No, sir; not the way the legislation is as I have seen it.

Let's say the disadvantaged individual is issued a green card by the local employment service. All you would have to have is a simple form of reporting mechanism that this individual was employed between this date and this date.

I am sure that any large company would use the money that they would anticipate receiving from this tax credit to train the individual.

I would like to make the statement that in a 9,000-man division such as ours, in 1967, for training all of our individuals employed, we spent a little bit over $1 million.

In 1966, we spent almost $1 million. During this period of time, we received Federal assistance in the form of MDTA programs averaging about $500,000 a year. Our main objective is to get that man productive as quickly as possible and as cheaply as possible.

Senator CLARK. I am sure that is true.

In your statement you mention the length of time required to secure a contract was 8 months.

Do you think this is the reason small- and medium-sized firms have not participated?

Mr. FLANAGAN. Yes, sir. I have talked to various groups of people because of our firm being so large and people come up and say we give up. These things are too much involved.

Senator CLARK. Just too much redtape?

Mr. FLANAGAN. That is really the major point that I have to make. You have instant ability to hire and train these people and you have a very very simple operation.

I am not at all concerned about employers not utilizing these funds properly.

I heard the gentleman comment yesterday that someone may hire this individual for 6 months and let them go. How many hard-core unemployed people have a record of 6 months employment?

You look at this when you evaluate a person for employment—what has he done before?

Most of these people we are dealing with now have had no employment or the jobs have been so menial as to be meaningless.

I also want to point out that although I am recommending the tax incentive program very very strongly, I don't think that we should do away with the existing contract mechanism.

The reason for that is that the contract mechanism at least guarantees the quality of the training and the extent of the training.

Senator **CLARK**. It strikes me very much that the training would be a very valuable quality.

Mr. **FLANAGAN**. I think it is in section 203 of title II. I was quite pleased to see the training plan outline that a man who is going to get a contract, and being a training man I certainly have to say yes, we want quality, but if you want participation you have to cut the redtape.

Senator **CLARK**. I am sure that is right.

Mr. **FLANAGAN**. In this respect, I had to say that, with the President's recommendations for more people for the Manpower Administration—and I deal quite closely with them—I have to go along with that.

On the other hand, if the Government wants to cut down the number of civil service employees and save money, then you go ahead to the tax incentive plan.

Senator **CLARK**. I understand from your statement that there is about an 8-month lag before you can get a training contract approved; is that right?

Mr. **FLANAGAN**. That is right.

Senator **CLARK**. Is there any danger that by the time you get funded you don't need the type of workers that you apply for?

Mr. **FLANAGAN**. Yes, sir.

Senator **CLARK**. So this is another administrative hurdle.

Mr. **FLANAGAN**. I would like to point out that when we had need for huge numbers of people, we did not have any difficulty getting high school graduates who are completely unskilled.

What we would do is this: We would tell our employment service that you could hire any high school graduate because we knew he had certain fundamental abilities in reading, writing, and arithmetic.

And then we would say to our employment people, refer any high school dropouts or any nonqualified people to either an MDTA institutional program or we will take them in under an MDTA conventional OJT program.

So, we were bringing people in the door both ways and will continue to do so as long as we have some supporting contracts.

Senator **CLARK**. You stated that you note you have over 1,900 employees supported with Federal funding of about $2 million. Do you have any record of how many of them are still working for you?

Mr. **FLANAGAN**. I think I can give you a fairly substantial estimate in that we have—I am trying to remember the figures I read this morning.

Let me say conservatively we have 50 percent of these people with us.

Senator **CLARK**. How long ago did you start that 1,900?

Mr. **FLANAGAN**. September of 1964.

Senator **CLARK**. That is a good long period.

Mr. **Flanagan.** You will find that we will have the biggest loss of people in the first 30 days, the first 6 months and the first year.

Senator **Clark.** I imagine a great many of them are pretty young and are probably picked up by the draft.

Mr. **Flanagan.** Yes; we have lost a considerable number to the military service.

Senator **Clark.** Can you give me in a very general way the kind of work you train them for?

Mr. **Flanagan.** I can simply mention the trades in which we put them. Our principal trade is that of welding and, of course, it is marine welding and when we developed a submarine welding skill, it is of a degree of training that is not understood ordinarily by the layman.

In other words, a good welder in terms of training will cost us about $3,000. This is the time that we have to spend with a man in the welding booth. He is off production. This is especially so when he gets into the area of nuclear pipe.

But, we train in welding, pipefitting, shipfitting, outside electricians, riggers and erectors, carpenters, and all of these skills are in some degree related to outside trades.

I would not say that our pipefitter could qualify as a plumber but he could certainly be employed by a plumbing contractor.

Senator **Clark.** How do you handle the problem with the unions?

Mr. **Flanagan.** This is a chance for me to get a commercial into the record in favor of the industry Union of Marine & Shipbuilders of America, Local 5 and Local 90.

We don't have to handle the union at Quincy. They have worked so darn closely with us in getting these programs it is almost unbelievable. There have been an excellent degree of cooperation.

Senator **Clark.** How about minority groups? Have you hired a good many Negroes?

Mr. **Flanagan.** Percentagewise I would say that we have a relatively small number.

Senator **Clark.** Quincy is not an area where there are very many Negroes, are there?

Mr. **Flanagan.** No, sir; the city of Quincy itself does not have any extensive Negro population but we are currently trying to get about 500 hard-core disadvantaged and currently we are getting about 90-percent Negro and about 10-percent white into these programs.

Senator **Clark.** Are you getting any resistance from the unions on that?

Mr. **Flanagan.** No, sir. I have been personally assured that I can anticipate no difficulty in the future.

Senator **Clark.** That is good news, too.

We heard some testimony that these tax incentives and tax credits would often result in payments for individuals that the company would normally hire.

An example was given of the automobile industry which has always hired the disadvantaged. Do you have a little difficulty in determining the extent of the credit if you are going to hire these people anyway?

Mr. **Flanagan.** I would say there is a certain amount of validity to that statement. I would also say that we have normally in the past used entrance examinations to determine an individual's arithmetical skills or his vocabulary level.

I would pretty well guess that a person holding a green card would not have the normal skills that we would be looking for. They are normally high school dropouts or an even lower level.

Senator **Clark**. That is all I have for you but maybe you have more for me.

Mr. **Flanagan**. Yes; I have one point that I would like to mention in conclusion which I mentioned earlier which is quite relevant.

In meeting with a lot of academic and business and civic groups, I get the impression that people feel that the money that is being spent on training is something of a giveaway program.

I strongly feel the opposite. I feel that this is an investment that the money that we spend on training of our disadvantaged, your unemployed and our underemployed, is quite similar to the investment that the Government made in securing my education after World War II under the GI bill.

I know that I pay a lot more in income taxes today and I have paid back everything that the GI bill gave me in the form of taxes.

When we can take a nonproductive individual and put him on the payroll at $100 a week, even if his training costs $3,000 or $4,000, if we can keep him on that payroll, we are going to get our investment back or the Government will get its investment back.

Senator **Clark**. I think a good deal of criticism comes from the fact of the need of this training and the failure of our educational system. If we had a first-class vocational educational system, you would not need to do this.

Mr. **Flanagan**. Let's not blame our vocational educational system. Today we have an awful lot of trouble persuading the parents to send people to well-established schools. Because of the status they refuse to do it. We know that 70 percent of our ninth-graders will not get a college degree.

Forty percent of the college freshmen who start next September will not get a degree. I would like to see a little more emphasis on getting people into either a form of vocational education beyond the academic high school, maybe the 13th and 14th grades because they can't all be chiefs. We have to have some Indians.

Senator **Clark**. You are quite right. Thank you very much for your quite valuable testimony. You have been most useful to the subcommittee.

Our next witness is Mr. William Zisch, vice chairman of the board of directors, Aerojet General Corp.

We are very pleased to have you here, sir. I see you have a prepared statement which we will have printed in the record. You may either highlight it or read it in full.

STATEMENT OF WILLIAM E. ZISCH, VICE CHAIRMAN OF THE BOARD OF DIRECTORS, AEROJET GENERAL CORP.

Mr. **Zisch**. Mr. Chairman and members of the committee, thank you for this opportunity to testify on the extension of the Manpower Development and Training Act, the Emergency Employment and Training Act of 1968, and the National Manpower Act of 1968.

Providing meaningful employment to the disadvantaged of our land

9

is among our highest priority national needs. My comments will be directed principally toward the private sector.

I heartily endorse the expression in S. 3249, page 26, line 19, which states:

> (2) the major resources and strength of this country reside in the private sector of the Nation's economy and any successful effort to eliminate poverty and urban blight must involve a massive application of private resources.

At this point, I would like to share some of my experiences, information, and conclusions resulting from associations with the President's test program for job development which was established under the authority of a White House memorandum dated October 2, 1967.

Senator CLARK. That is the father of the OJT program from which sprung this program?

Mr. ZISCH. Yes.

Senator CLARK. Did you think this test program was a success?

Mr. ZISCH. I think very valuable information was gained.

Senator CLARK. It is not quite the same thing.

Mr. ZISCH. Inasmuch as for the first 90 days I headed up the program, it depends on how you view it. I must say that I was exhilarated about the response of the private sector.

Senator CLARK. You don't need to be modest about it.

Mr. ZISCH. As you know, the program mobilized the resources of private industry in the Federal Government to find jobs for America's hard-core unemployed. The program's goal was to replace the waste and failure of unemployment with the productivity of significant work.

In further answer to your question about success, I believe there was one phase of it that was very successful and another aspect I had some question about which we can discuss.

In order to achieve this objective, efforts were concentrated on encouraging serious proposals from the private sector which would result in meaningful jobs rather than entertaining superficial efforts which might have resulted in dramatic numbers but would not have provided the opportunities for a permanent solution to the critical national problem of hard-core unemployment.

Thus, we informed the private sector (1) to utilize its own genius to devise methods of hiring the disadvantaged, (2) that for the first time the Government was prepared to offset up to 100 percent of the extra costs of hiring the disadvantaged, and (3) that to minimize redtape, all forms of government assistance were available through one office headed by a businessman.

Senator CLARK. Were you uccessful in minimizing the redtape?

Mr. ZISCH. In some instances.

As I mentioned, this was a twofold test. It was a program to test the willingness and ability of the private sector to establish meaningful jobs for the disadvantaged.

Likewise, it was a test of the ability of the Federal Government to be responsive to private industry's problems by providing funds to offset the extra costs and added risks of such an undertaking.

Numerous imaginative, unique, and innovative proposals were received from the business community. It was clearly evident that the leaders of the business community were aroused and aware of the seriousness of the national problem of hard-core unemployment and they believe meaningful, productive and permanent jobs must be provided for the disadvantaged by the private sector.

Senator CLARK. I notice you say down here that almost without exception the members of the business community who responded to the test program did so as a result of exhortation, they did not really want to hire these because to do so demanded they discard elementary business principles and engage the least productive members of the labor force.

This, to me, is highly understandable.

Do you think this will be a factor in any expansion of the program or an effort to make it more meaningful? Isn't the normal private employer always going to be alergic to hiring a man who is not the best man for the job he can get?

Mr. ZISCH. Unless there are some incentives that would cause him to be interested in doing this as a means of solving a problem.

Senator CLARK. In your opinion, does that mean tax credits?

Mr. ZISCH. I believe there are many avenues which have been discussed and I believe there are yet other avenues to be developed.

Senator CLARK. In the last analysis what we have to do is make it worth their while financially.

Mr. ZISCH. That is my conviction.

Senator CLARK. I am not criticizing it. This is implicit. If you are operating a business, you cannot expect to operate at a loss to take care of hard-core disadvantaged.

Mr. ZISCH. The business community is looking to the leadership of its Government to resolve what they recognize to be the serious national problem of hard-core unemployment.

To the extent that jobs in the private sector will help solve the problem, I am completely persuaded an appropriate profit incentive is required to fully attract the interest of the business community.

To create this interest and stimulate business to provide enough jobs to break the back of this problem, the profit motive must be present.

I was told repeatedly that Government leadership is now required to identify and provide additional incentives which will trigger the profit motive in the private sector and thus propel the business community to attack the problem.

Senator CLARK. You might not agree. There are two facts to this thing. I think we have to do everything feasible to get private industry through financial inducement to train and hire as many of these hard-core unemployed as possible, but I still think there is going to be an awful lot of them who cannot be lapped up in that way and you are going to have to have some kind of public sector employment if you are going to solve the problem of our slums.

Mr. ZISCH. I think I would take both approaches.

Without exception, each Government agency evidenced an interest and a desire to fulfill the purpose and intent of the test program as described in the White House memorandum.

However, I found sharp differences of opinion within the Government on the best methods of achieving the objectives of the test program.

Senator CLARK. I bet you did.

I accused one witness yesterday of being a Socialist jokingly. There seems to be all kinds of people in this bureaucracy and you have to do the best you can.

In your prepared statement you say: "A different point of view is held by those Government representatives who have not had the benefit of in-depth involvement with business leaders and consequently are unaware of the specific considerations which confront a company in hiring the hard core."

I think exposure is very good for the bureaucrats in that regard.

Mr. ZISCH. At this point, Mr. Chairman, if you will permit me, I have a case in point. For example, there are several; but it happened that Boston, being one of the five cities, happened to have one of its natives as General Counsel of the Commerce Department.

Because of his interest in Boston, he asked if he could be sort of a program manager for Boston. He received an okay from the Secretary of Commerce to take a sabbatical and go to work on this. It was really an impressive experience to see this man, once he really worked at the job, how his viewpoints took on a different shape and he did do a magnificent job in Boston.

Senator CLARK. Are you from Boston?

Mr. ZISCH. No, sir; I am not. I am from the West. I refer to Joe Bartlett and I think he could provide some very helpful insight.

Joe is one of these men who had an in-depth exposure and in fact participated with, among others the General Dynamics Corp. Division in Quincy.

Senator CLARK. That Boston metropolitan area is really quite a unique community all of its own.

I noticed at the end of your statement you stressed the need for more reliable information of the actual scope of our Nation's all hard-core unemployment problem.

This has been suggested by other witnesses. Do you have any recommendations as to how we can get more reliable information?

Mr. ZISCH. I think there are many ways. It happens to be my view that the very first thing that we should do is to identify the problem. For example, when I was in Chicago, the first question I asked Mayor Daley, since we were going to spend the day together on the subject of the hard-core unemployed, just so we were talking the same language, I asked him to give me a definition of what he considered the hard-core to be.

His definition was as much as you and I would agree. I said, how many do you have in Chicago? It was disturbing to learn that right in his office with his experts they had opinions and estimates that varied as much as 300 to 400 percent, and then the profile of those hard core was also an issue of great debate.

If we are going to solve a problem, I think we had better have a better definition of the problem.

Senator CLARK. Yes.

I accompanied some of the members of the subcommittee when we went to Chicago and I came away with the feeling that they knew pretty much who their hard core were and by using the figures of the Census Bureau and the Bureau of Labor Statistics.

Mr. ZISCH. I checked in great detail with the Bureau of the Census and the Bureau of Labor Statistics and this was in the last 75 days. Unless they performed some miracles in the last 75 days, there is no data that is sufficiently reliable in order to formulate a program.

Because the various programs and proposals that were submitted failed to fit any pattern and were outside traditional operating procedures of the various affected Government agencies, each proposal required policy decisions at the highest levels.

That meant as high as a cabinet officer.

As of January 1, 1968, over 100 plans for hiring and training the hard core had been advanced by companies which could have established in excess of 15,000 jobs. Attached is a schedule giving status report on "test program" contracts that actually resulted.

You will note there are approximately 6,000 jobs rather than in excess of 15,000 and there are many companies, programs, and plans that have been put forth, I regret, are not listed which I believe should have been accepted.

Senator CLARK. I think we ought to think this thing pretty flexible in terms of planning.

Mr. ZISCH. Positively.

Senator CLARK. And that is the key.

Mr. ZISCH. Positively.

Senator CLARK. In your prepared statement, you say the businessmen don't want to hire the disadvantaged unless there is a profit and I agree with you.

On page 6 you say AVCO received $6,000 for each disadvantaged. Should we be paying this high a price?

Looking at this, Senator Javits and I said what we hit all of the time from some of our rightwing friends when we come in for the cost per worker, they say it is cheaper to send a guy to Harvard than put him through the OJT program.

It is pretty hard to answer that in a legislative form.

Mr. ZISCH. I sent my boy to Yale and I know you don't send a boy through Yale for $6,000.

Senator CLARK. A year. But you see this is a 1-year training program.

Mr. ZISCH. The AVCO job is for the completion of the job, the transformation of these men from the hard core into the printers trade.

Senator CLARK. Do you have some figures on how long they remain after you take them on?

What is your turnover rate?

Mr. ZISCH. My own personal experience, of course, has to do with our Watts Manufacturing Co. operation in Los Angeles.

I might add that on these programs that are listed, it is far too early to draw any conclusions as to what is the retention rate.

Senator CLARK. The trouble all over the country is we are in the dark because it has not been long enough, although Mr. Flanagan goes back to 1964, his record, he says, was about 50 percent. I think this is pretty good.

Mr. ZISCH. Our experience in the turnover rate during the initial operation at Watts was three times the national average which is about 6 percent a month as contrasted with the national average which, I believe, is nearly 2 percent.

Senator CLARK. Would this be with regard to whether the employees are disadvantaged?

Mr. ZISCH. All of our employees at the Watts plant come from the disadvantaged and could easily qualify as the hard core.

Senator CLARK. What kind of work do they do?

Mr. ZISCH. They are building hospital tents for Vietnam. They are doing woodwork, pallets, and shipping containers and also heavy iron works.

Senator CLARK. These are almost all Negroes in the Watts area?

Mr. ZISCH. With the exception of about 30 individuals out of an employment of 480, they are all from the Watts area.

Senator CLARK. Are most of them with very little education?

Mr. ZISCH. The bulk of them are qualified as I would consider a hard core, that is, having a reading ability equivalent to about the 6th or 7th grade, several of them having served time in prison and most of them having never held a meaningful job in their life.

Senator CLARK. What do you do about motivation?

Mr. ZISCH. I might take a moment here with regard to our Watts operation. We started that in November of 1966 and without advertising for a single man we had applications in excess of 5,000 for a plant that could hire no more than 500. Our starting wage at that time was between $1.45 and $1.60 an hour.

Senator CLARK. Right after the riots?

Mr. ZISCH. That was in 1966 and as you perhaps know, this resulted from a meeting that was held with Vice President Humphrey out in California.

The motivation comes from the individuals recognizing that they have an opportunity to advance within the organization.

They see that their own neighbors are supervisors and are part of the management and they have increased their earning capability where the average hourly rate is now in excess of $2 an hour.

Senator CLARK. Senator Javits.

Senator JAVITS. Thank you, Mr. Chairman.

I have just one question to ask you and then I have to go testify somewhere else.

I notice with great interest what you say about the profit incentive. I made a speech the other day about putting profit in poverty.

Do you think there is something desirable in the way of offering alternatives to the employers by giving them the option which we have in our bill to take either payment or a credit?

Senator CLARK. It would be a tax credit.

Mr. ZISCH. At this point, Senator Javits, I would hope there would be one if not more options until we gain some real experience.

Senator JAVITS. It would be a useful tool while you are in this experiment.

Mr. ZISCH. I happen to be very optimistic. I believe that a much greater job in solving this problem of the hard-core unemployed by the private sector can be done than many that I have talked to and provided that there is an adequate profit incentive, I think we can get the problem solved.

Senator CLARK. I sure hope you are right.

I personally have rather pessimistic feelings about it.

It does not seem to me to date out of the jobs program or the concentrated employment program has demonstrated that it can be successful.

This may be because the trial period is far too short but I think we have to give private enterprise a run for its money.

Mr. ZISCH. Let me give you an example of a program which was not approved. A serious proposal that came in—this company is one of the largest, if not the largest, service appliance repair service organization in America.

They came in with a proposition to engage 100 of the hard core. They would train them to repair toasters, irons, vacuum cleaners, and guarantee a job for those who completed this training.

Those who had the capability to go further, they would train them to repair refrigerators, washing machines, and so on.

Those that could go further they would train to be radio repairmen, each level a higher earning level.

Then, have some going on to become television repairmen. At this point, they said this could go even as far as teaching the highest level how to keep books of accounts so they could set up their own repair shops and employ others and would stick with them for 2 years as a big brother relationship in aiding them to get their inventory, small business loans and what-have-you for a couple of years to give them a maximum opportunity to succeed.

Our economy requires something like 25,000 additional television repairmen annually. For the man who goes the full route in the above proposition it was estimated the extra training costs would be approximately $10,000 and the company proposed to do it on a cost reimbursable basis.

This seemed too high to some of the decisionmakers in Washington. The tab of approximately $10,000 was the extra costs involved in going through what I would call the Ph. D. phase. I think this would be a sound investment on the part of our country if it were undertaken.

Mr. ZISCH. It would take a period of 2 years, was their estimate, based on their experience that he would then be in a position of running his own business, employing others, and paying taxes and my arithmetic says in very short order we would have our investment back.

Senator CLARK. Do you agree with Mr. Flanagan that we had better keep direct Federal contracts as one of the options here and that they will work?

Mr. ZISCH. Certainly. In fact, this question with regard to what is the means of providing incentives, be it tax incentive or otherwise, I believe is in need of much more experience.

I happen to believe that a cost reimbursement, a cost-plus fixed fee approach will develop information which will then later give us a more sound basis as to what is precisely the more appropriate way to go forward.

You will note, for example, on the last page of the attachment to my statement, that among the companies listed many of the programs involved more than simply training assistance. In the case of Gran-Mothers Bakery, in Chicago, you will see this was putting a Negro group into business and this had a combination of labor training funds, a Small Business Administration loan which was not easy to obtain because this was approximately a $250,000 loan.

I found out there were some pioneering aspects in that one. The same goes for the FairMicco Co. which required not only technical assistancee from MDTA and 8A procurement titles to get some DOD contracts to prime the pump.

Senator Clark. It averaged a little over $2,000.

Mr. Zisch. You will note that I did not make an average because I do not believe the average is the important element.

I believe the most important thing is to determine how effective they can be.

Perhaps the one that appears to be more expensive may turn out to be the least expensive in the long run because of the results.

Senator Clark. I was looking at the final figure, $6,400, 14 trainees for slightly over $13 million.

Mr. Zisch. I have yet to meet an individual who persuades me that they know to what extent you do transform a truly hardcore into a truly productive worker.

Senator Clark. I am sure you are right.

Mr. Zisch. Until we know what has happened in a fair number of cases, it is difficult to put a fair figure on the amount of the cost.

Senator Clark. Our problem at the legislative level is to persuade the Congress to put up the money to continue experimenting along these lines.

We need reasonable assurance that these programs will be effective and prove themselves out.

It is extremely difficult with respect to our present fiscal situation to take a large risk.

Mr. Zisch. I believe with enlightened leadership, I don't know of a better way for our Government and we taxpayers to invest our money because if we can transform these people off the welfare into being taxpaying citizens, simple arithmetic tells me within a short number of years we are going to have a return that will equal or exceed by considerable amount the money that we may appropriate in order to get the work underway.

Senator Clark. I wish we had a thousand people around like you.

Thank you very much, Mr. Zisch.

Did that give you an ample opportunity to say what you wanted to say?

Mr. Zisch. Yes, sir.

Senator Clark. Thank you, Mr. Zisch, for your testimony.

Our final witness this morning is Mr. Blue Carstenson, representing the National Farmers Union as the associate director of legislation.

Mr. Carstenson, it is always a pleasure to have you before us. We have had you here many times in the past. I see you have a prepared statement which I will ask to have printed in full in the record and perhaps because of the somewhat bit of pressure we are under to get through these hearings as rapidly as possible, you would be willing to summarize what you have to say.

We will, at this point in our record, place your full statement, without objection.

(The prepared statement of Mr. Carstenson follows:)

Prepared Statement of Blue A. Carstenson, Assistant Legislative Director, the National Farmers Union, and Former Director, Green Thumb, Inc.

Farmers Union, representing well over 200,000 farm families, is thankful for the opportunity to appear before this Committee.

The Farmers Union Convention endorsed the principles in the Emergency Employment Bill (S. 3063) sponsored by Senator Clark and others. We feel that it is the most essential step in the resolution of the problems of poverty, human misery, hunger, and riots. Without such a program, we cannot find our way out of the dilemmas, both urban and rural, which now confront our nation. Farmers Union also supports major expansion of the manpower training programs in the rural areas.

At our National Convention in Minnesota in March, the delegates passed the following resolutions:

"We urge continuation and expansion of employment-type programs as our experience in the Green Thumb Program reinforces our belief that most low income people prefer work opportunities rather than welfare. We urge a major program of expanded public service employment to implement the Employment Act of 1946, to replace much of the public welfare programs and really help people to move out of poverty as well as to provide those community services so desperately needed in rural areas. We urge revision of the employment services and the Manpower Development and Training Programs so as to better help rural and farm people obtain jobs and training and information about opportunities especially for the youth and for persons over 55 years of age."

ADULT PUBLIC SERVICE WORK AND TRAINING PROGRAMS HAVE PROVEN SUCCESSFUL

The most common opposition to the public service employment proposals is that they are *make work* programs. We submit that such programs can be operated effectively with wide public and congressional support. We submit Green Thumb as Exhibit #1 of public service employment for those low-income people who want and desperately need a job and who are unable to get a job in the private sector.

Farmers Union undertook the Green Thumb program to demonstrate that there could be good, effective, and popular rural and older worker programs in the war on poverty. We also undertook the Green Thumb program, as we said to this Committee last year, as the pilot program for the adult work programs. This Committee and its members have said kind words about the program.

The House Education and Labor Committee Report of two years ago on the Economic Opportunity Act when they expanded the Nelson Amendment (or Mainstream program) to include the Scheuer program (or "New Careers" program) cites Green Thumb as the demonstration showing the potential of such public service type employment and training programs.

We have found that this type of adult work program in public service type activities is not only well accepted by both conservatives and liberals but it is also working at some of the basic problems which help these communities move ahead. For example, many of the rural areas in which we have had our Green Thumb programs have dramatically increased their tourist business. The parks and community projects which we have developed have made these areas more attractive to live in. While we have been the pilot program for the Nelson-Scheuer programs, to my knowledge practically all of the projects carried out in these programs have not only been well received by the participants but also by the communities. We have yet to talk with a rural community action director who did not want a Nelson Amendment or Mainstream project or who did not already have one.

Before people find fault with adult work programs, we ask them to take a good hard look at the pilot program which already exists such as Green Thumb. We defy anyone to show that these have failed either the community or the people. As these older and retired low-income farmers in Green Thumb have said, "This program has enabled me to earn my way out of poverty with dignity and give me a new lease on life."

A GOOD PROGRAM FOR YOUNG ADULTS

The Neighborhood Youth Program also is a type of public service employment for those unable to find work in the private sector. We feel it demonstrates the value of work opportunity programs. As some of our youth in our Arkansas Farmers Union Neighborhood Youth Corps said about a month ago in southern Arkansas:

"The Neighborhood Youth Corps is not a give away program as some people might think. It is a program of progress, to help boys and girls that have been left behind. The Neighborhood Youth Corps means helping those who want to help themselves . . .

"I feel that Neighborhood Youth Corps is a program designed to help the boys and girls through school, who under normal conditions might not finish at all. It encourages students to do their jobs and do them well."

Another Neighborhood Youth Corps said:

"I don't know what it means to you but I can only say what it means to me. I want to make something out of life. I want to be somebody. I may not live in a fine home, wear the finest of clothes, but that is not going to stop my venturing out for success in life. This great opportunity is before us, all we have to do is to take advantage. I can truly say to all the Neighborhood Youth Corps members who have made this program possible that it has really been a help to me in my schooling. It has made me do more to know there are people who want me to do more."

Another said:

"Personally this Neighborhood Youth Corps program has given me my first chance to perform a meaningful job, a greater feeling of responsibility."

Another one said:

"If it had not been for Neighborhood Youth Corps I would never have been able to finish school. I cannot begin to express how much it means to get to finish school.

"I quit school and got married but didn't work out. After my baby was born, I didn't know which way to turn. I was living at home again. I had a brand new baby, no education, no job and no income. I was about to throw up my hands in defeat. Arrangements were made with Arkansas Farmers Union enabling me to work on the Neighborhood Youth Corps out-of-school program. When I was told I could work 30 hours per week I was so happy I cried."

The work program has been good for young people. *These programs carry dignity.*

We submit that a work opportunity program is better, more just, more acceptable, and carries with it a lot more dignity than the present welfare system.

It is our belief that most of the people on welfare today and most of the people who are in poverty and not on welfare could be helped by public service work opportunities. Certainly it is our experience that there are few communities that could not use the manpower to good purpose. Welfare, except for the disabled and bedridden, is not only a tragic waste of public monies but it is also an almost inhuman treatment of human beings in most of rural communities today. While it is possible for work programs to become degrading as they did in the days of the Work House, the experience with the adult and youth work and training programs that we have had under the Economic Opportunity Act has been universally successful and well received by the public.

ADULT WORK AND TRAINING PROGRAMS AS AN ESSENTIAL PART OF THE SOLUTION TO THE RURAL AND URBAN PROBLEMS WHICH FACE THIS NATION

The big cities are totally incapable of continuing to cope with the population and the problems that they now have. Each year the cities are faced not only with increased numbers of people through the higher birthrates of the urban poor, but are also deluged with the steady flow from the countryside, 800,000 each year. The migrants from the countryside require a disproportionate share of the cities services. Even if we turned off the steady stream of immigration from the rural countryside to the cities, it would be years before the cities could catch up with their existing problems.

Most studies indicate that it is not the new arrivals that riot, but because they do arrive—needing social services, housing, jobs, and all the rest—most cities lack the capability of dealing with the hard core of their city problems. While the white migrant to the city usually can get a job, usually can get a house, usually can get social services, it leaves precious little except frustration for the young Negro.

The failure to maintain full employment in all the country has meant a failure to stem the rural-to-urban migration. Now we are paying the costs of this failure to act.

It remains more humane, more just, more sensible, less costly, and better for the development of America for the government to step in and provide public service employment and training opportunities for those who are needy and want to work.

FARMERS UNION POSITION OVER THE YEARS IS CLEAR

Representatives of the Farmers Union have come before Congress since 1944 urging the government to take those steps necessary to maintain full employment, and through a government program make certain that every person who wanted and needed a job should not be unemployed. The failure to enact that that program has resulted in some of the most tragic social blunders of this century. In 1944, Farmers Union President James Patton said:

"What this amendment says is that this Nation not only wants full employment, but that it is going to use all its strenght to achieve it and maintain it."

In 1945, he said: "It (The Full Employment Bill) would offer an alternative means of livelihood to those in agriculture who are unable to earn a decent competence. . . . It would open the way to better facilities for living in rural areas."

". . . It would take up the slack in the private investment and help to arise rural and argicultural levels of life."

As we know, the Full Employment Act was passed setting full employment as a national goal, but it did not include a public work employment program. In 1954, James Patton said:

"The original 'Full Employment Bill' was based upon the proposition that 'the people of the U.S. through their instrumentalities of government, should assume ultimate responsibilities for maintaining full employment; and that if the level of economic activities stimulated by all types of private outlays with all available incentives were inadequate to maintain full employment, then the government itself on behalf of the people should make up the difference through public outlays.' The Economic Report of 1954 says that the solution of the income problem of the *rural poor 'lies largely in the expansion of local non-farm employment or movement to better opportunities elsewhere'* . . . but it does not tell us by what means or programs these poor farm families are to find work elsewhere . . ."

In 1956, John Baker (now Assistant Secretary of Agriculture), then Farmers Union Legislative Director, testified:

"The farm families on less adequate units will, in hundreds of thousands, be driven away from their homes if additional assistance is not given immediately."

In 1963, Ed Smith, President of North Dakota Farmers Union, testified:

"We need to raise the question of whether the mass exodus from the farms to city slums and sprawling suburbia is a desirable solution to the problems of growing efficiency and underemployment on the farm."

In 1964, Reuben Johnson testified before the House Education and Labor Committee:

"In the war on poverty full employment is not only a national goal—it is a national necessity. It is an essential and basic part of the President's war against poverty and a national effort of such magnitude that will bring an end to unemployment, is essential to winning the poverty war."

"The Manpower Development and Training Act should be expanded to train in trade skills who are unemployed in rural America—both youths and adults."

In 1965, Dick Shipman, then Assistant Legislative Representative, testified:

"May I point out that more than two million family farmers have been squeezed off the land and all too many of them in the ranks of the unemployed. A study of welfare rolls in Washington shows that 70% came from rural backgrounds."

In 1966, Farmers Union testimony called for:

"Farmers Union supports expansion of the Nelson Amendment programs of conservation, beautification and community betterment to include employment of the poor in health, education, welfare, safety, and recreation."

Also, in September, 1966, Farmers Union wrote members of the Committee about rural poverty efforts:

"The weakest part of Rural CAP programs is lack of job opportunities. Therefore, the Nelson Amendment program was eagerly sought after by rural CAPS, and many times more money could have been spent wisely in rural areas had it been available."

In July, 1967, I testified as follows:

"Last year we supported a major increase in the adult work programs. We continue to urge greater emphasis upon adult work programs not only as solid ways to eliminate poverty and help people toward employment in the private sector, but also because it improves the quality of living in our communities, especially in low income areas of our communities and increases essential services."

"We support the revision of the public welfare system replacing much of public welfare with part-time and full-time community service work programs. This is a preferred way to bring low-income families out of poverty. Those remaining, who are unable to work (sick, disabled, young, and the very old), should be able to live without hardship and with dignity."

In July, 1967, Tony Dechant, National President, said in a statement to the Congress:

"We in the Farmers Union believe riots will continue to occur in the urban areas so long as rural America continues to supply the cities with people. The rural poor become the urban poor. Rural young people in grinding poverty are being forced to the city slums to look for jobs. Many lack training to get good jobs. They are stacked deep in the slums marked by their language and looks. They were ill prepared and ill educated for urban slum life.

"We will continue to have riots in the cities until we can adequately treat rural poverty. Once the fire is lighted, all efforts must be extended to put it out, but it would be infinitely cheaper to remove the fuel before the fire starts. Major programs of training and work opportunity combined with rural development efforts could slow the mass migration to the urban slums. Today our minds are filled with riot stopping. If we really mean to stop riots, let us look for riot prevention. Riot prevention can be found in rural America."

1968—POSITION OF FARMERS UNION

In 1968, Farmers Union now testifies that today the situation is even more critical than in the past. The need for an adult work and training opportunity program for the unemployed poor has become an emergency matter. We need public service work and training opportunities for the unemployed poor who cannot find employment in the private job market. We need the government to serve as "the employer of last resort." Without such a program we will continue to have grinding poverty in the rural areas and riot poverty in the cities.

As the accompanying chart shows, there are too many in the rural areas who are making less than the poverty level (Table 3) and the unemployment rate is highest in the rural areas especially in agriculture (Table 4) and the result is the outmigration of the rural young adult (Chart 16).

Farm and rural income is substantially less than urban central city income and unemployment is higher. We can also show there is a serious need for the public services which the unemployed can be trained to do. Farm and rural nonfarm health is poorer, hospital facilities fewer, and educational achievement less. It is obvious that there is also more actual hunger in our rural areas.

Both in human and financial terms it will be wiser for the public sector to employ the unemployed where they are to help make a better place in which to live rather than to carry on with our policies which have resulted in slow desertion and depression of many of our rural communities and the overcrowding inflammable situation in our central cities.

Now riots have moved through this country with the force of a hurricane. Destruction is in the billions. Cores of our major cities are bombed out and are likely to remain so for years.

The fear that these riots have set loose has affected the lives of most of the people in this nation. Yet everyone agrees that more riots are to come unless something of major dimension is done.

Farmers Union warns that unless something is done to provide jobs for those who want and need employment, the next bill, instead of being called an Emergency Employment Bill, may have to be called a "Disaster Employment Bill."

It is of equal tragedy that there is poverty among hundreds of thousands, yes, millions, who have something to contribute. Our nation is losing the productive capacities of these people when they could be contributing to the better-

TABLE 3. INCOME PER FARM OPERATOR FAMILY, BY MAJOR SOURCE AND BY VALUE OF SALES, 1960 AND 1965

Value of products sold	Realized net income [1]		Off-farm income		Total income including nonmoney income from farm food and housing [1]	
	1960	1965	1960	1965	1960	1965
All farms	$2, 956	$4, 210	$2, 231	$2, 587	$5, 187	$6, 797
$20,000 and over	12, 023	13, 547	2, 081	2, 246	14, 104	15, 793
$10,000 to $19,999	5, 212	5, 952	1, 422	1, 590	6, 634	7, 542
$5,000 to $9,999	3, 222	3, 741	1, 668	1, 904	4, 890	5, 645
$2,500 to $4,999	1, 876	2, 383	1, 940	2, 220	3, 816	4, 603
Less than $2,500	889	1, 095	2, 779	3, 402	3, 668	4, 497

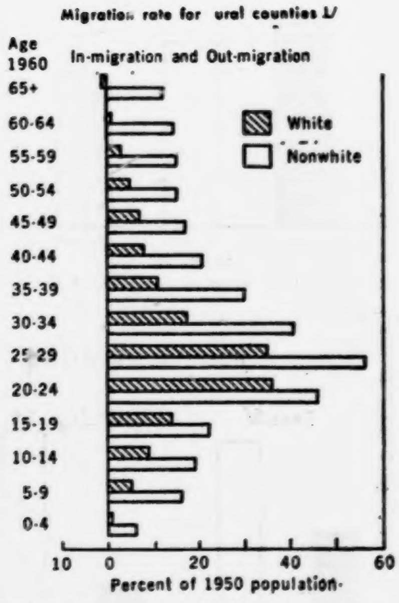
[1] Includes Government payments.

NOTE: Detail may not add to totals due to rounding.

SOURCE: U.S. Department of Agriculture.

CHART 16-

Young men are moving out of rural areas.



1/ Counties that were more than 70 percent rural in 1950.

Source: U.S. Department of Labor, based on data from U.S. Department of Agriculture.

TABLE 4. UNEMPLOYMENT RATES OF WAGE AND SALARY WORKERS 14 YEARS AND OVER, 1965-66[1]

Year and month	Agriculture	Nonagricultural industries
1965 average	7.3	4.2
January	11.7	5.3
February	13.0	5.6
March	10.6	4.8
April	8.5	4.4
May	5.2	3.9
June	6.4	4.5
July	5.0	3.8
August	4.8	3.6
September	4.8	3.5
October	5.3	3.3
November	9.1	3.5
December	8.9	3.4
1966 average	6.5	3.4
January	11.6	4.1
February	11.6	4.0
March	9.5	3.8
April	6.7	3.3
May	6.2	3.2
June	4.7	3.8
July	3.4	3.4
August	5.0	3.4
September	3.8	3.1
October	5.0	3.0
November	6.7	3.1
December	8.7	3.3

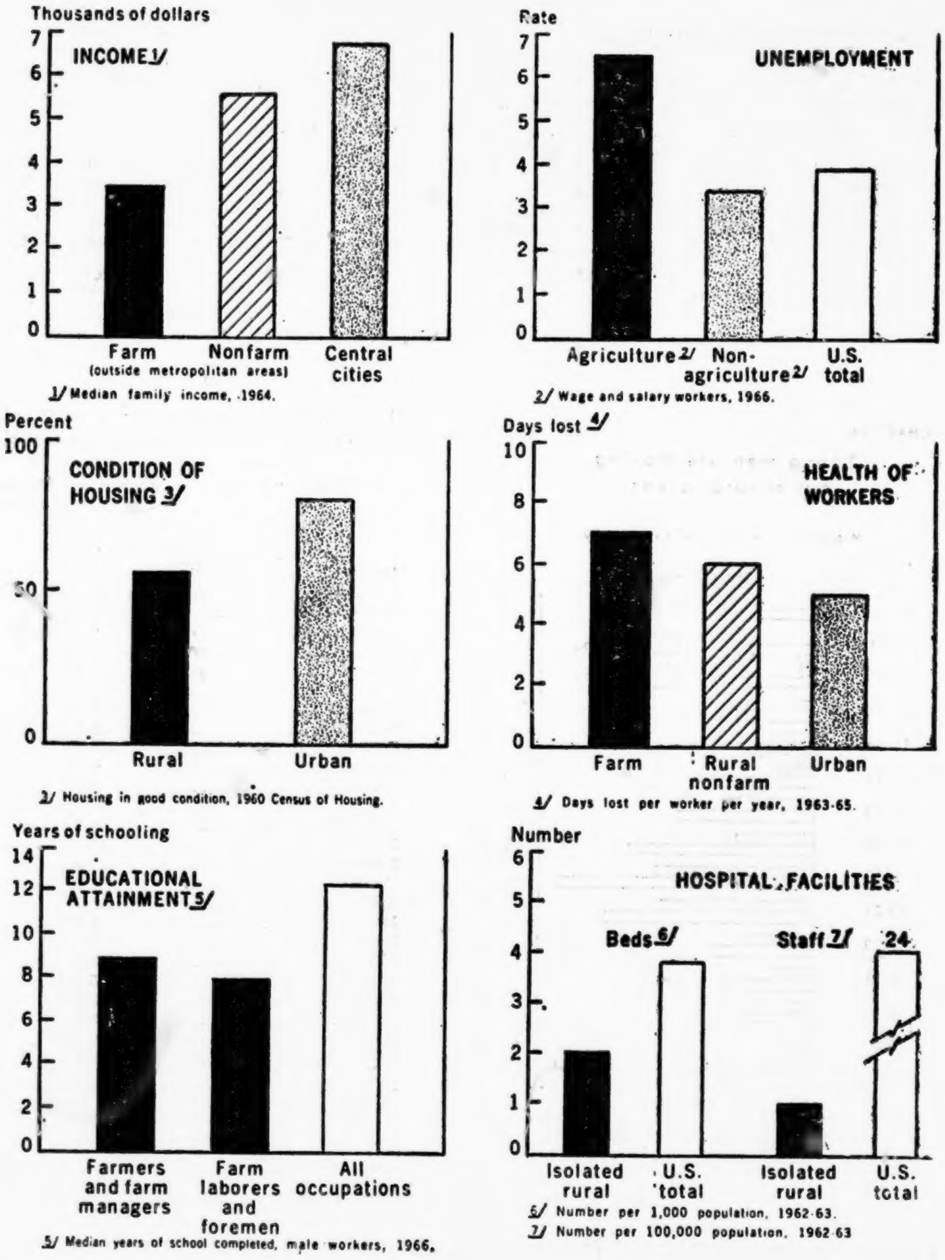
[1] Not seasonally adjusted.

workers between the ages of 20 and 64, based on 1960 census data, indicated a very high rate of

SOURCE: Underemployment and Poverty in Rural Areas (A Reprint from the 1967 Manpower Report). U.S. Department of Labor.

CHART 17

Residents of rural areas are far behind those of urban areas in economic and social conditions.



1/ Median family income, 1964.

2/ Wage and salary workers, 1966.

3/ Housing in good condition, 1960 Census of Housing.

4/ Days lost per worker per year, 1963-65.

5/ Median years of school completed, male workers, 1966.

6/ Number per 1,000 population, 1962-63.

7/ Number per 100,000 population, 1962-63

Source: U.S. Department of Labor, based on data from Department of Commerce, Department of Agriculture, and Department of Health, Education, and Welfare.

ment of the nation and the lives of its people. We have the capacity in technical know-how to create such a program.

The program is clearly needed. We believe that on the basis of our experience with the Appropriations Committees of the Congress that such a program will fair well when stacked up against less essential programs. In the past the Appropriations Committees have provided more money for adult worker training programs than the administration was willing to earmark for these purposes. Probably they will not give full appropriations this year for such a program, but I am convinced they will not ignore or reject such a program. Farmers Union urges the passage of an Emergency Employment Bill now.

SPECIFIC COMMENTS ON THE LEGISLATION

I. Specific Comments on S. 3063 the Clark Bill

Section 101 and 301.—We reject the concept of this program being available only to those unemployed poor who happen to be concentrated where there is a high proportion of the unemployed poor. We have found desperately poor unemployed persons in relatively wealthy rural counties. To believe that poverty is somehow less desperate among rich or middle income persons is nonsense. In the relatively wealthy central Wisconsin area where local community leaders said there were no poor people who couldn't get jobs, we found ample numbers of able-bodied men whose average income was $700 a year per couple and who were desperately anxious to work for $1500 a year under the Green Thumb program. The level of programing should be proportionate to the numbers of poor people. Anything less is unfair and besides, the practical politics of maintaining Congressional support in Congress demands it. The failure to develop good rural anti-poverty programs and neglect of rural poverty by Community Action Programs contributed heavily to the defeat of the program in the House of Representatives last year.

Section 102 (3).—We urge the Committee to reject this section as a part of the law. If we had this now, we would be unable to operate Green Thumb and most of the mainstream projects would have to be abandoned. This would not develop creative, meaningful projects; only static planning. You can not evision a complete year's programing in advance and respond to community needs or to creative thinking. This sounds good but would have tragic results in programing. The result on the workers would be even worse since little advantage could be made to special skills or talents which are developed or uncovered during the course of the year's work.

Section 103.—The idea of giving authorization for financial assistance and loans to sponsors for the purchase of supplies and equipment is good; we urge a note of caution. The place where public service employment can get the greatest involvement, the greatest in-kind contributions, and the greatest good will is in the process of finding equipment and supplies. While I am sure there are some communities with so much poverty that it is impossible to come up with in-kind contributions of supplies and materials, we have not found such counties, even in the hills of the Ozarks and the delta lands of Arkansas. We have found that we get better results when the local community or the counties or the states have to come up with the materials and equipment, with the exception of hand-tools for the workers. The better mainstream projects have found the same to be true.

Section 202.—We strongly endorse the concept of providing day care as a part of the cost of the project. We also agree that the cost of transportation is a most important factor in employing the unemployed in rural areas.

Section 302.—We urge this committee to face the issue of age discrimination squarely in this emergency employment bill if the Anti-Age Discrimination Act passed earlier by Congress is to have any meaning at all. Until now, it is still an empty gesture. It is worse to be the unemployed, impoverished head of a household at age 68 or 70 than it is to be if you are 35 or 40. When you are unemployed and poor at 35 there is still hope. Today when you are 70, unemployed and poor, there is no hope. Unless this committee acts to specifically include the older person, the fine words used by the Labor and Public Welfare Committee about senior citizens are a mockery. For the millions of older people who have failed to receive an adequate increase in Social Security, it is an emergency and they need an emergency employment program. The placement record in private jobs may not be so great, but the public support for jobs for the older people cannot be denied. People support it because it is just and because they know these people cannot make it in the private sector.

OTHER COMMENTS

We believe that this committee should specifically write in something like the phrase in the Nelson Amendment Program which calls for special projects, . . . "directed to the needs of those chronically unemployed poor who have poor employment prospects and are unable, because of age or otherwise, to secure appropriate employment or training assistance under other programs . . ." Unless the committee does hire some bright young analyst who will use a computer and show that older people should be forgotten because of their low rate of job placement or because they do not count in the so-called "cycle of poverty."

About ⅕ of the people over age 65 are still in the labor force. Yet, we are quite aware that many of these people are still able to work, not perhaps a 40 or 60 hour week. ⅔ of the rural people over age 65 are poor, or about 6 million people. It is our experience in Green Thumb that at least half of these are able and willing to work and that perhaps ⅓ to ½ of the remaining would have been able to continue to work even now had not inactivity and poverty taken such a tragic toll. We hope that the language in the bill will not forget the older worker.

II. Specific Comments on S. 2938 Clark, Javits, and others: Amendment to the MDTA Act of 1962

We concur in the extension of the MDTA program.

However, we do urge that the Congress give greater emphasis to the manpower training needs of rural America where proportions of poverty and unemployment is much greater. It is wrong that only 17% of MDTA funds are going to aid people from rural areas. While we realize that this is an improvement over previous years, we feel that more should be done. We urge the establishment of an Assistant Administrator of MDTA for rural areas. Not only should this person work to develope training and job development for rural people in the small towns, rural areas and cities, but he should also take a fresh look at the new developments in agriculture where highly skilled workers are now needed. We are not talking about the old type of farm worker who was untrained, underpaid, and underdignified. We are talking about a person who is trained to handle and maintain a $50,000 piece of harvesting equipment or be responsible for $50,000 worth of dairy cows.

III. Specific Comments on S. 3249, The Javits Proposal (Senator Javits and others)

There are a number of features in this bill which we can endorse. We strongly support the proposal for a centralized information clearinghouse system for job opportunities, labor supply and skill requirements. We agree that it is needed on a national basis and with the aid of computers, we can have a better picture of the available jobs and labor supply for purposes of training, and job placements.

The bill calls for state plans. Authority now exists for an effective state wide manpower plan to be developed through the CAMP Committee (Comprehensive Area Manpower Planning) established in each state. Unfortunately, most states have not yet felt that such planning is important enough to place the kind of priority that the U.S. Department of Labor has felt desirable. Since the authority is there for such state wide and area planning, we feel that it is not desirable to give additional authority. If the state wishes to exercise comprehensive planning, they now have this authority, but let's not spend millions of extra dollars to create just one more state wide plan if there is no desire on the part of the states to have such a plan.

We are also reluctant to encourage "profit making" corporations into the role of a local sponsor or service company. Our present adult and youth work opportunity programs have been well run by public agencies or non-profit groups or agencies. We have seen no evidence that they are not doing a good job or that a better job could be done by profit-motivated corporations. As long as there are plenty of capable public and non-profit groups to do the job, why spend the extra money?

On the other hand, there might be some tendency on the part of profit making sponsors to take only the easier-to-reach, easier-to-place unemployed and ignore many of the isolated unskilled rural unemployed.

While Farmers Union has no position relative to the major proposal of the Economic Opportunity Corporation, it is intriguing. We are unsure how it would be possible that the rural problems would get equitable treatment. We note the omission of the Secretary of Agriculture from the incorporators. We also note that there is no mention of the development of co-operatives which we in rural areas have fund so successful. We have read the statements made by some of the sponsors of the bill and we remain doubtful as to the proposal at this time.

We concur in the need for their evaluation and oversight study by the Comptroller General. However, even this will not give us better data on rural areas than the most recent census, which is now 8 years old.

A SUMMARY OF THE SECTION ON JOBS AND EMPLOYMENT OF THE REPORT OF THE PRESIDENT'S COMMISSION ON RURAL POVERTY.

The Commission recommended major revision and expansion of the U.S. Employment Service and Manpower Training Programs in rural areas, since many of the rural poor are unaware of the existence of new jobs and lack the skills for these new jobs.

Every person in rural America who is willing and able to work should have a job and the Federal Government should provide those jobs if they are not available in the private sector.

It is essential that all jobs pay a decent wage. Two out of three families live in poverty despite the full-time, year-around employment of the head of the family, while only 8 percent of the rural non-farm are unemployed, 37 percent of the rural farm residents are underemployed.

There must be a minimum wage for all jobs and $1.30 is too low for farm workers.

STATEMENT OF BLUE A. CARSTENSON, ASSISTANT LEGISLATIVE DIRECTOR, NATIONAL FARMERS UNION; ACCOMPANIED BY SONNY MARKS, MANPOWER COORDINATOR, STATE OF VIRGINIA

Mr. Carstenson. I want to thank you for the opportunity to appear on behalf of the National Farmers Union.

I have brought along with me Sonny Marks who has been the Manpower Coordinator in the State of Virginia, now our Assistant Director of Green Thumb.

Senator Clark. We are happy to have you with us, Mr. Marks.

Mr. Carstenson. Farmers Union has taken a very explicit position on your bill, and we have been in favor of these programs for a long time.

On the first page, we do state our position. This is very thoroughly discussed in our policy committee, by our board and by our convention. Frankly, we feel we are going to have to make some major changes in relation to our welfare programs and employment programs if we are going to do the job. We do support the Clark bill.

Senator Clark. I am very happy to have your support.

Mr. Carstenson. We said to this committee when we testified last year and in the past that one of the reasons we undertook the Green Thumb program was as a demonstration. We kept complaining about the lack of rural programs, about the lack of older worker programs, and finally we were sort of put on the spot to do something. So, we undertook the Green Thumb program as a demonstration to show that public service employment, the kind of guarantee jobs that could be carried out, could be successful and could be run in a way that would gain public support. We are very pleased that we have gained this support since we have opened our offices and started work; there has not been a bad press statement and just last week, before some 250 women who were in here, where they lobbied for the employment bill, the Clark bill, Mel Laird got up and praised the Green Thumb program which is operative in his district as being a highly successful program.

Senator **Clark**. I think Senator Nelson deserves quite a bit of credit for the part he played.

Mr. **Carstenson**. We still call it the Nelson amendment program.

Incidentally, Senator, we are opening the program in Pennsylvania and Hank Wilcox is going to be working on that program in five counties.

Senator **Clark**. I am happy to know that. Do you know what counties they are? I must come up and plant a seed there.

Mr. **Marks**. There are three in the western part of the State and two in the eastern part. One is Mercer County.

Senator **Clark**. Rural counties?

Mr. **Marks**. Yes, sir.

Senator **Clark**. Would you give me some further information on that?

Mr. **Carstenson**. I can tell you about where they are on the map but I can't remember the counties.

We say if our demonstration has proven anything, it has been proven that at least in the rural areas—and we think this is true of all of the Nelson amendment projects pretty well around the country—there have been very few complaints, none of major significance, and it has shown that the public is willing to support, and I say in this case also the Appropriations Committees have always given more money than the administration has been willing to spend on this particular area, and I think that for this reason you can move ahead even though in this very tight fiscal year we can expect very positive action relatively speaking in the Appropriations Committee.

I have talked with many members of the Appropriations Committee. They like the kind of things they have seen in the Nelson amendment which is in a sense a part of the forerunner for your larger, more comprehensive park emergency planning.

Senator **Clark**. Do you have a median age for the participants in the Green Thumb project?

Mr. **Carstenson**. Fifty-eight down to fifty-five, and there are a few under 55 who are handicapped, and it goes up as high as 92. We have just acquired a new employee down in Virginia who is 92 years of age. We still continue to find that with these 85- and 92-year persons that they are the ones that younger workers complain about because they set too fast a pace.

Senator **Clark**. You might give us a very brief summary of the kinds of work these older people do when they get tied up with Green Thumb.

Mr. **Carstenson**. I would like to do better than that. I would like very quickly to show you some pictures which will demonstrate this more effectively.

Senator **Clark**. You can show them to me but that does not get them into the written record.

Mr. **Carstenson**. I will describe these as we go along.

The men work on roadsides cleaning the roadsides along the highways and they have done a very beautiful job, particularly in Oregon, planting trees, holding down soil erosion along the way.

One of the most dramatic things we have done in the development of park and recreation areas—in this Indian trail in Wadena County, Minn., the result has been a doubling of the tourist business in this very poor county. This is the very poorest of the Minnesota counties. They have set up mobile snow trails and canoe trails and all of that has generated a tremendous amount of tourist trade, really making Wadena a mecca for tourists.

We have here public facilities setting up bridges and nature trails. We have even been creating a nature trail for the blind and the handicapped down in Virginia.

Senator CLARK. What kind of tools do they use?

Mr. CARSTENSON. We supply them with handtools, hoes, rakes, a wide range of powersaws. The counties, State, and local governments supply them with any of the larger equipment they need—bulldozers or trucks or anything in this area. We find they are more than happy to supply the in-kind contribution and we have an in-kind rate that is 40 percent to the Federal contribution, and we are hopeful that the in-kind contribution will be continued in the program. We think it is very important to get the local involvement.

Senator CLARK. What about the wage rate?

Mr. CARSTENSON. In a few places, it is a little higher than in others. It was higher before we raised the minimum wage but this is about the level.

We have done a lot, for example, in Mel Laird's district, and in Wausau we have done a lot to beautify it, and the local officials who had been opposed to most Federal programs have been most enthusiastic and we think this is why we are going to get the kind of support financially in the Appropriations Committee.

Senator CLARK. How many months out of the year are these people working?

Mr. CARSTENSON. In Minnesota and Wisconsin, they prefer to work all year round. We told them they could come inside but they prefer to work outside even at temperatures around 35° below zero.

This is in Arkansas, and again the point that this public service employment can do a lot to effect the basic poverty in the areas is seen. Some of those pictures are Newton County which is one of the poorest counties in America.

In talking with Congressman Perkins, he believes it is poorer than some in his area in eastern Kentucky. By beautifying along the way, by developing overlooks, we have increased the tourist road count—in other words, the number of cars going by tenfold.

Senator CLARK. There is some real cause and effect there; is there not?

Mr. CARSTENSON. No; there are other programs operating in the county. It is a county where there are 3,500 people. The average age is up in the sixties. They have only one paved road. Their entire local government budget is $60,000 a year. There is no factory, no plant, no doctor, no nurse. They even deliver the mail by horseback in some of the areas of the county, and this has had a dramatic impact on these counties.

This park here was just development, another county, Mountainview, Ark., and this is in conjunction with an EDA folk festival center. We were down there a couple of weeks ago and the festival brought in about 10,000 tourists. Some of our Green-Thumbers who were up here last year participated, and it has now had a major impact on the economics of that community.

Here is the building of some shelters. We do some work on community facilities.

On the lefthand side there is a picture of some of the houses in which these men will live. It is really deep poverty. Our average income is $900 a year there, a little less than $900, and in some states like Wisconsin and Arkansas, the average income before going on the program was $700 a year per couple, which is an incredibly low level, and while I have it here, here are pictures of some of our neighborhood youth corps. This is the other end of the spectrum in which we have been giving on-the-job training, in and out of school training programs.

Senator **Clark**. Thank you very much, Mr. Carstenson. You have been very helpful.

Is there anything else you would like to tell us that is not in your prepared statement which we have put in the record?

Mr. **Carstenson**. Yes, there are two things.

From the statement you can see that our position down through the years, and we have gone clear back to 1945—we come in every single time and I want to tell you that I am sorry we have to go on an emergency basis, but if we don't do it now on an emergency basis, it is our opinion with the continued in-migration from rural areas, we are going to have more riots and then the next time it will have to be called a disaster employment program because of the devastation that will be rampant in the cities.

Senator **Clark**. Do you see any evidence of being able to stem the in-flow into the cities from the rural areas? Do you think that is being cut down at all? What else can we do to stem it?

Mr. **Carstenson**. We are working on a displaced farmer program under a grant from the Office of Economic Opportunity in the Delta area. These are displaced sharecroppers or farm workers and these are at the very bottom of the heap.

Senator **Clark**. There is the same problem across the river in Mississippi.

Mr. **Carstenson**. Yes, there is the same exact situation. We were down there. We met with these people. These are the people who are flowing into St. Louis and into Detroit.

One of the things that we found in the course of this project, and I do have some pictures here we can show you—these are the very types that migrate into the cities of Chicago. We found, No. 1, there is a high degree of illiteracy; that they don't know where job prospects are other than the metropolitan areas. The employment service is unaware of the existence of these people. They don't know about the employment service, and we are in this project and we are being successful in conjunction with the Arkansas State College at Pine Bluff of retraining them in jobs that are open and jobs that have good prospects to locate 50, 60, 70 miles away to locate in central and western Arkansas. Had we not had this I am quite sure, and people tell us, they would have migrated.

Now, they are going to be able to receive the training. They commute to the college for the training. They get some subsistance and they are gradually now beginning to be placed in their own states in similar kinds of environments but in growing rural areas. We think this is a very tangible or very direct way that we are beginning to stem this flow.

The same results have been true in the Neighborhood Youth Corps.

In the chart in my prepared statement, the outflow is among the 20- to 30-year-olds, the 35-year-olds. This is the area where the people leave during this period of time, young families, and this constitutes about 24 percent of our net increase in our urban population every year—25 percent—with a net increase. When they get there they have more kids and that is part of the whole explosion. If we can stem this and hold these back in the rural areas and direct them toward growth centers, if we can reach them with MDTA training and Sonny told me about the situation in Western Virginia here there are now openings for every highly skilled technical person in mining mechanics and yet we do not have the MDTA training; we do not have the resources for training and subsistence to help the people who are there to learn these trades. We have to do a much better job on MDTA and training in the rural areas if we are ever going to stop the flow.

At the present time, what are they doing? They are getting a little bit of welding and go into Norfolk and continue to flow into this great metropolitan complex, urban areas. There are jobs out in the rural areas but they do not know about the training facilities and the employment opportunities, and there are not many training facilities there and there are not the temporary job opportunities which your bill offers.

Yesterday, we met with 100 industrialists, and when I say we it was under the sponsorship of the USDA, vice presidents of the many big companies such as Swift, Allis-Chalmers, American Plywood, Libby's, and many other big corporations in looking at the industrial development because they are concerned also, and we found great interest and great enthusiasm about the possibilities of increasing training out there. They found at the present time when they locate a plant in rural areas, there are not the training facilities, and this is one of the limitations.

Interestingly enough, they were not very enthusiastic about tax incentives. This was something that Secretary Freeman asked the group, and there was no expressed support. In fact, there was a great deal to the contrary that this was not the route to take. Surprisingly enough also all companies are beginning to locate in rural areas and they were not very eager on these municipal bonds for companies,

Senator CLARK. Do you think they could do it themselves without any Federal assistance? Other witnesses have been strongly of the view that we have to have tax incentives.

Mr. CARSTENSON. These men were saying they need Federal help in rural development planning, in the housing bill; they needed the kind of technical assistance out there and they need it in the area of training. This is an area where the resources, manpower resources, having the trained manpower out there was very essential. They also thought transportation was a rather key item in the situation. At the present time, as you know, only 16 percent of MDTA funds are going to train people in the rural areas, and this is where we feel there is a tremendous shortage.

Another area that we hope that we are doing some experimentation in now under an OJT contract that we have with Green Thumb—

and we think it has great possibilities in your State and others—there is increasingly becoming a shortage of skilled farm employees. I am not talking about the old, unskilled farm workers that usually shows up in the category of migrants. I am talking about a real assistant to a farmer whom he can leave in charge of a dairy herd and not come back and find the herd all messed up with mastitis, or what have you. We do need this kind of development and training, and I think we are going to be experimenting in Pennsylvania and elsewhere on this very matter.

This has been a tremendous job potential to train people for, with good wages, with good working conditions, and with a new kind of dignity that the farmworker has not had up to this time, and he will not be just a farm laborer; he will be an employee.

Senator CLARK. Thank you very much, Mr. Carstenson. That is very helpful to the subcommittee. We have your prepared statement. Unless you want to elaborate on it, you have made your points very well.

Mr. CARSTENSON. I have one last thing on the basic concept of the bill on which we have strong feelings concerning this business of selecting areas of high unemployment. We think that not only would it not be wise to limit it to selected areas because we can go into any county in Pennsylvania, any rural county, and we can find deep poverty, in fact, any place in the country in the rural areas, and we can find this deep poverty and, frankly, we are going to need programs in all parts of the country just as badly poor as in Columbia County as it is in the very heart of Appalachian western Kentucky.

Senator CLARK. How about in the Dutch country?

Mr. CARSTENSON. I think we could find some in southern Lancaster County. I think we are going to need it in terms, frankly, of trying to get the political support and congressional support and appropriations support that we will need to carry this bill through, and I would hope all of the poor and unemployed would be treated equally, not just those that are concentrated in certain areas. Sure they would get the lion's share and it should be on the basis of proportion, but as long as you have unemployed poor, I would hope they would get equal treatment.

Senator CLARK. Thank you very much, sir. You have been very helpful to us.

The subcommittee will stand in recess until 10 o'clock tomorrow morning, at which time we will hear from Mr. I. W. Abel, president of the United Steel Workers of America, in addition to a panel, and Mr. Robert M. Middlecuff, manager of the Wage and Manpower Planning Department, Ford Motor Co.

(Whereupon, at 11:45 a.m. the subcommittee was recessed to reconvene at 10 a.m., Wednesday, May 15, 1968.)

EMPLOYMENT AND TRAINING LEGISLATION—1968

WEDNESDAY, MAY 15, 1968

U.S. Senate,
Subcommittee on Employment, Manpower, and Poverty
of the Committee on Labor and Public Welfare,
Washington, D.C.

The subcommittee met at 10 a.m., pursuant to recess, in room 4232, Senate Office Building, Senator Joseph S. Clark (chairman of the subcommittee) presiding.

Present: Senators Clark (presiding), Pell, Javits, and Murphy.

Committee staff members present: Michael W. Kirst, professional staff member; and Robert E. Patricelli, minority counsel to the subcommittee.

Senator **Clark**. The subcommittee will resume its sessions.

Our first witness this morning is Mr. I. W. Abel, president, United Steelworkers of America, who has with him Mr. Jack Sheehan, his assistant.

Would you state for the record what your title is, Jack?

Mr. **Sheehan**. For the record, the title is legislative director of the Washington office, legislative department, United Steelworkers of America.

Senator **Clark**. We are certainly happy to have you with us, Mr. Abel. I have your statement before me, which I have had the opportunity to summarize. If you would prefer, we could put it into the record in full, or you can read it.

STATEMENT OF I. W. ABEL, PRESIDENT, UNITED STEELWORKERS OF AMERICA, ACCOMPANIED BY JACK SHEEHAN, LEGISLATIVE DIRECTOR, WASHINGTON OFFICE, LEGISLATIVE DEPARTMENT, UNITED STEELWORKERS OF AMERICA

Mr. **Abel**. Thank you, Mr. Chairman. I think it perhaps would be best if I went through the statement.

(The prepared statement of Mr. Abel follows:)

Prepared Statement of I. W. Abel, President, United Steelworkers of America

Mr. Chairman, my name is I. W. Abel, and I am President of the United Steelworkers of America.

My purpose in appearing before you is to express the support of the Union for the principle of providing job opportunities for low-income and unemployed works as is embodied in S. 3063, introduced by you and 11 other Senators.

RIOT COMMISSION

The social stirrings of the past few years have put severe strains upon our nation to meet the challenges of those who have, for far too long, been deprived of the advantages of our society.

Actually, our national determination to provide equal rights and opportunities for all is being doubted. As a member of the President's Riot Commission, I came face to face with the everyday frustrations of people who are unconvinced that the promise of America can be translated into reality for them.

As was indicated in our Report: "Disorders are not simply a problem of the racial ghetto or the city * * *. They are symptoms of social ills that have become evidenced in our society and now affect every American—black or white, businessman or factory worker, suburban commuter or slum dweller."

Whether we are, in fact, "moving toward two societies, one black, one white—separate and unequal" depends a great deal upon the ability and the willingness of Congress to respond to these problems.

In all frankness, in spite of predilections of dire consequences to constitutional rights of the privileged, Congress has moved steadily along the road of enacting civil rights legislation, culminating last month in the passage of the open-occupancy provision for non-discrimination in housing. These have been great achievements, not only because they represent the enactment of just laws but, most important, they stand as an indication that the political system is responsive, and accomplishment of social justice is possible through the political process.

ECONOMIC JUSTICE

We are now, however, at the same crossroad that many industrial workers were before the advent of unionism. Could a social democracy have any meaning without economic democracy? In the 1930's, the economic system was sorely tested because the workers were convinced that without economic justice, social rights were meaningless.

I submit, Mr. Chairman, that today our social institutions hold no meaning for many of the unemployed because the economic system is not providing them with the opportunity to be gainfully employed.

Your Committee is well aware of the statistics of long-term unemployement among the minority groups, the entrapment in poverty of the working poor or the so-called underemployed, and the tragic circumstances of the unemployables.

GOVERNMENT RESPONSIBILITY

The labor movement is an instrument for combatting poverty through the exercise of its right to collectively bargain for workers. But, it proves to be an effective instrument only because its members are already gainfully employed. It uses economic pressure to seek a better share of the wealth of the nation. However, when its members are unemployed, collective bargaining has little influence. Under that circumstance, the labor movement must apply political pressure to encourage the application of the fiscal and monetary powers of the government.

I make this comment because we are all conditioned to accept and, surely, to expect government intervention when there is massive unemployment.

No less valid, then, is the necessity of federal involvement in the tragic problems of unemployment among the hard-core disadvantaged in our vast urban centers and some rural communities. A man must have a job before he can give meaningful expression to his role as a member of his society and the head of his family.

MANPOWER TRAINING AND FISCAL POLICY

This Committee has performed a most significant role in the fight against poverty by exploring the methods of making job opportunities a reality for the poor.

By enacting the manpower training bill, one bridge from unemployment to employment was built for those who could cross over it. I say "for those who could cross over" because the assumption of the Manpower Development and Training Act is that unemployment is a personal characteristic of the jobless. The worker has become structurally ill-equipped to compete in the job market for jobs which *do exist*. Through training, he will be able to correct his deficiencies and qualify for a job.

To the extent that we have a full-employment economy, certain structural unemployment will eradicated by effective training. However, I wish to indicate, as we indicated when the original MDTA was passed, that job training is successful only when the economic policy of the nation is geared to a tight labor market in which aggregate economic activity can absorb the low-skilled unemployed.

In 1966, I was one of the signatories of the "Freedom Budget", advocated by A. Philip Randolph. In his report, he indicated:

"While there can be no doubt that we need even better programs of training and retraining than we now have, we must reject most emphatically the proposition that the *main* reason for excessive unemployment resides in the personal characteristics of the unemployed. This fallacy rests upon failure to distinguish between the reasons why too many are unemployed and the reason why particular people are *selected* for unemployment when there are not enough jobs to go around. . . . The fact that Negroes tend to be the first fired and the last hired when jobs are insufficient should not prevent us from recognizing that this phenomenon, so central to the racial problem, would not exist if there were jobs for all." (Italic supplied.)

In creating job opportunities for the disadvantaged, I think an aggressively expansionary fiscal policy is absolutely necessary. This, I realize, requires a changed public attitude or tolerance toward inflation.

As Congress moves to adopt a deep spending cut—deeper than the one advocated by the President—as a price for the tax increase, I wonder whether the price in reality, be heavier unemployment in our core cities.

EMERGENCY EMPLOYMENT PROGRAM

The labor movement is, therefore, committed to increased government spending in the public sector. It is within the context of this over-all economic policy, which alone can increase job opportunities, that I want to make a few comments on the emergency employment bill.

It is most significant that this Committee is deliberating upon the necessity or usefulness of this concept at a time when the Poor People's Campaign is already in Washington. Although the vast majority of the marchers are Negroes, it is essentially a protest movement of the economically deprived. In a very dramatic and, I hope, successful way, they are petitioning their elected representatives to act favorably upon this bill. To that petitioning, I join the voice of the United Steelworkers of America.

The bill attempts to seek an immediate—indeed emergency—response to the high levels of unemployment in certain areas.

The President's Riot Commission has made a direct link between civil disorder and unemployment. The National Urban Coalition was formed upon a platform of creating job opportunities in both the public and private sector of the economy. S-3063 would provide jobs and job training in both sectors for 2,400,000 hard-core unemployed during the next four (4) years, at a cost of about 10.3 billion dollars. The first year appropriation would be for 2 billion dollars.

1. *Public Sector Jobs*

Title I of the bill is a genuine attempt at creating new jobs. The concept of "government as employer of last resort" has been growing during the last few years. The report of the National Commission on Technology, Automation and Economic Progress specifies that there are at least 5.3 million public service jobs capable of being created. These jobs are distinct from the so-called public works employment—which provide job opportunities for the more skilled craftsmen—in that it is the public service employment which is the most effective means of rapidly increasing stopgap employment for the lowly skilled.

At the same time, the performance of these services will satisfy a very definite need in our great metropolitan areas. The more affluent our society becomes, the more is the demand for services which uplift the quality of life. From both an economic and a social point of view, we are indeed fortunate that we have the coincidence of an unused manpower and unmet social needs. These public services represent a new dimension for expansion of the job market.

Howard Hallman, staff director of the Poverty Program Study of this subcommittee, identified the range of some of these jobs:

"Three examples can serve as an illustration, but the choice is by no means limited to these. They are the use of professional aides; conservation and recreation facilities; and housing rehabilitation. Each can provide socially useful work. Each can give communities across the nation a means of reaching the unemployed directly and thus to individualize a national program for employment.

"The first area for increased public service employment is as professional aides. These are positions which assist professional workers, such as schoolteachers, nurses, social workers, recreation supervisor, probation officers, and the like, by performing, under supervision, various tasks which can be learned on the job or through short-term training. In other words, a minimum of formal training is required.

"Such agencies as settlement houses have used neighborhood residents in these roles for years. The U.S. Office of Economic Opportunity (OEO) has encouraged the expansion of this field of employment, and in the spring of 1967, 40,000 were working as subprofessionals under the community action program. The Scheuer amendment to the Economic Opportunity Act has added another 15,000, which apparently will be used primarily for training purposes.

"The National Commission on Technology, Automation, and Economic Progress estimated that educational institutions could absorb 1.1 million new workers and medical institutions and health services another 1.2 million.

"For instance, teacher aides could be employed by the tens of thousands, particularly in schools serving children from poor families where the school has to compensate for home deficiencies. While theoretically it might be desirable to alter the ratio of 1 teacher for a classroom of 30 pupils to 1 for 15, or even as low as 1 for 10, there are neither the teachers nor the classrooms for such an approach. But every elementary teacher in poor neighborhoods could easily use two teacher aides, not merely to take roll and help put on coats, but to help with reading, arithmetic, and spelling, and other supervised teaching tasks. After all, at one time most elementary school teachers did not have college degrees. While today we should insist that the teacher in charge should have a college education, he or she could profitably use aides who are high school graduates (and two out of five of the unemployed have a high school education).

"Hospitals could use many nurses aides and laboratory assistants. Homemaking education, which sometimes needs to be taken directly to the home, can readily be conducted by women who have had 20 years of successful experience with their own families. Home care for the elderly could absorb thousands of workers. Consumer education among the poor, a hardly scratched but badly needed field of service, can be carried out by professional aides Schools can .be kept open evenings, weekends, and summers for programs led by recreation aides. Overworked probation officers could have nonprofessional assistants. Most social agencies are understaffed in clerical positions. On and on the list could be expanded.

"A second area for job creation in public service employment is conservation and recreation area development. Again, these are neglected fields of service which can absorb large numbers of semiskilled workers.

"In National and State parks and forests, thousands of campsites and other recreation facilities should be created to serve a growing population which has more money to travel, more free time, and more need to retreat from the city to natural surroundings. Of all the facilities constructed under the accelerated public works program, this type was about the only one in which a majority of the jobs created could be filled by semiskilled or unskilled workers.

"The same concept could be applied to many of the great urban parks created since 1850. Central Park in New York City, Fairmount in Philadelphia, Rock Creek Park in Washington, Lincoln Park in Chicago, Swope Park in Kansas City, Golden Gate Park in San Francisco, to mention a few among many, all could benefit from improvements and restoration. Add to this the neglected playgrounds and squares, and the job potential is further increased.

"Land conservation, forest restoration, seashore preservation, and the newest thrust, highway beautification, all are tasks where labor is a high proportion of the budget, and most of the jobs can be filled with unskilled persons, who can be trained on the job or in short-term courses. A small start has been made under the Nelson amendment to the Economic Opportunity Act. Easily a million workers could be so employed.

"A third field in which many jobs could be created is housing rehabilitation. There are 8 to 10 million dwelling units in the United States which need improvement greater than what is expected for annual maintenance. Two-thirds of these units are in metropolitan areas, mostly in the inner city and occupied by low-income families. It so happens that the unemployed are concentrated in the same locations. Thus, ways should be found to combine the need for housing rehabilitation and the need for more employment opportunities.

"Professional aides, recreation facilities and conservation, and housing rehabilitation are by no means the limit of possibilities for public service employment. Each community should have the option of determining what it needs and wants most."

These are the jobs that can be done right now in many communities. It is here that the federal government could move in immediately and place people in these jobs. The Clark bill contemplated 300,000 participants in one year and 1.2 million in four (4) years.

Because of the nature of these jobs and the urgency of the situation, Congress should establish a *priority* to meeting this commitment in line with the financial resources available.

If a choice is to be made between the immediate creation of jobs in the public sector and a program to reimburse employers for training workers for entry-level jobs in the private sector, then, the priority should be expressed in favor of job creation. What we need now more than ever are new jobs for the disadvantaged.

The immediacy of these jobs, both in terms of their availability and qualification requirements for the worker, should not be taken to mean that these jobs are either temporary or deadend. As a matter of fact, legislative intent should definitely declare that those workers who are assigned to public-sector jobs should be placed in direct contact with regular public service employment opportunities. Through training and supportive service, they should be given the chance to progress in promotional sequences. A worker must have the hope of bettering his status. It would be a mistake, therefore, for these jobs to be looked upon as only stopgaps.

Testimony already given to you by the AFL–CIO urges that the language of the bill be corrected so that these jobs can be recognized just as meaningful, productive, and competitive as those in the private sector.

I concur in that recommendation. Furthermore, the Scheurer concept of new careers at the subprofessional level for certain public service jobs opens up a real possibility for meaningful work presently needed in our communities. Title I offers an opportunity to enrich the new career approach, and it ought to be designed to take advantage of the possibilities.

In order for a job to be considered meaningful, there must also be built into it the concept of upward mobility. Whether joined to a new career position or not, promotional opportunities should exist. All community-employment programs should, therefore, be expected to include training activities so that all participants will be given the education, training, and supportive services while employed to prepare them to be not only employable but competitive in order to move upward in either public or private sector jobs. We seek, therefore, to strengthen the worker's occupational mobility.

Although initial placement in public service employment may serve as a holding operation, a heavy dose of basic education in basic literacy skills (half-time at work and half-time at training) will guard against considering these jobs as "dead-end" ones.

I would also caution against considering these jobs to be low-wage ones, because we would only be shifting the hard-core unemployer from the public welfare rolls to a status of "kept" low-wage workers in public employment. There must be the opportunity for upward movement, and training opportunities will provide that ladder. Furthermore, as we open up these jobs to the unemployed, we should be very mindful that the underemployed who may already be employed in these jobs should be given the opportunity to participate in the training programs.

In summary, therefore, we endorse the concept of the "government as a last resort employer" to employ those workers who, even now, need jobs or those who, after some training, cannot find private-sector jobs. As the Automation Commission remarked: "When all that is done, there remains another possibility: to begin at the read of the [employment] line and create employment opportunities tailored to the abilities of those with serious competitive disadvantages."

My main enthusiasm for the public sector title of this bill lies in the fact that it actually creates new job opportunities for the unemployed while, at the same time, it satisfies a need in our communities to have this work performed. Since the public sector, through the tax system, is underwriting the cost of the jobs, it is most fitting that the public sector is the *direct* beneficiary of the work performed. However, I hasten to add that the public sector always benefits when a worker is removed from public assistance.

2. *Private Sector Jobs*

Title II of the Clark bill encourages private enterprise to take an active part in combating the ravages of unemployment among the disadvantaged. The role of the business community is an essential one in the war on poverty. The *Urban Coalition* is a visible expression of the determination of businessmen to move in this area. Last January, the President issued a call for a new partnership between government and private industry to hire and train the hard-core unemployed. The JOBS (Job Opportunities in the Business Sector) was inaugurated in the Labor Department to be assisted by the National Alliance of Businessmen. The President's Riot Commission strongly urged such business involvement. The Clark bill gives a legislative base to the JOBS experiment.

The main objective of Title II is to help the hard-core to become employable. There are incentives on both sides. The worker is given an opportunity to earn money while he is achieving a skill to improve his employability so that he can become competitive in the labor market. The employer is reimbursed for the cost of training the worker so as to make him a productive employee. By hiring a worker whom he would not otherwise employ because of lack of basic qualifications, the employer will receive a cost displacement at the rate of $3,500 for each employee.

The essential ingredient in the experiment is on-the-job training at remedial levels far below occupational training. I should relate to you two experiments in which the Union and the steel industry is engaged:

1. *Adult Basic Education for Employed and Unemployed Steelworkers*

One involves a $1 million MDTA grant to provide remedial training for two groups of employees. One group represents those workers in the plant who are entitled to promotional opportunities but are unable to effectively exercise these rights because they lack basic literacy skills. A selected sampling from various mills are now undergoing training with the objective in mind that they will be able to exercise their seniority to achieve a higher job classification. It is indeed a tragedy to have a worked locked into a job while others with less seniority are able to advance around him.

Under this pilot program, about 1600 employed Steelworkers in the Chicago and Baltimore areas are attending adult basic education classes at their plants to improve their communications and mathematical skills. The program is a joint effort of the United Steelworkers of America, seven major steel companies and the Labor and HEW Departments.

Training is being provided by the Board for Fundamental Education, a non-profit organization. A joint study, pursuant to the 1965 contract settlement between the Coordinating Committee of the steel companies and the Steelworkers Union, led to the development of the program.

The aim of the program is to raise the educational levels of the workers so that they might be able to qualify for training and job opportunities when available. Trainees are given six hours of classroom instructions a week for approximately 26 weeks. Classes are scheduled on the workers' own time just before or after their work shifts.

The second group represents those workers who failed to qualify for entry jobs. They also are being given special training to see whether they can be equipped to satisfy very basic entry requirements.

If the program for the employed Steelworkers is successful, more entry level jobs will become available for these unemployed persons. The pilot program, when completed, will provide educational opportunities for some 300 persons in Illinois and Indiana. The basic education courses are designed to raise them to a level of acceptibility for employment in the steel industry.

2. *Jobs Now Program*

The second experimental program is one which was recently agreed to in a supplemental understanding with the industry. Basically, it gives option to the local union and the plant management to extend the probationary period for special employees so as to provide "greater employment opportunity for persons disadvantaged with respect to employment because of lack of sufficient basic educational qualifications * * *. Current employment can be provided on the condition that participants actively pursue a course of study designed to rectify their educational deficiencies."

It is too early to tell what our experience under these two programs will reveal. The latter arrangement is a response to the JOBS program and can apply to the job opportunity section in Title II of the Clark bill.

I recognize that Title II does not create any new jobs in the private sector. As I mentioned earlier, only an aggressive economic policy can accomplish that objective. However, it does increase the possibility that the "mix" of the employed will be changed. Under the stimulation of the subsidy to industry, more of the disadvantaged will be employed—at least temporarily—than would otherwise under current hiring policies.

If training on the job is assured, their employability will be improved, thereby enhancing the permanency of their jobs. Access to a job environment and the opportunity to train, *while at the same time receiving take home pay from the paymaster at the plant* rather than a relief check from the government, may provide the added motivation needed to move the disadvantaged into a more positive job-oriented attitude.

While it does not increase the total supply of jobs, it does give, as was indicated by the Director of the Michigan Employment Security Commission, "special consideration to those who have historically been at the back of the line."

The private sector must be engaged in the effort to open up job opportunities for the disadvantaged. It will do so only so long as there are actual jobs available. I would hope that the funds made available to industry will result in an agressive hiring policy. Your Committee should specify the legislative intent on this matter since the testimony of a previous witness, Garth Mangum, indicated that "it will be difficult to assure that those employed are significantly more disadvantaged than those who would have been employed in the absence of the program * * *. Subsidies to private employers to encourage hiring of the disadvantaged substitute for education and training to make them more attractive to employers without subsidy."

On balance, however, the twofold approach of providing jobs in both the public and the private sector is the least that this country should do for the poor. Certainly, the nation must "generate a new will" as the Riot Commission stated. But, the Congress is the vehicle for expressing that will. It can do so by enacting this bill. It is no wonder then that the Executive Board of the AFL–CIO unalterable opposed the expenditure cuts contemplated by the House-Senate tax conferees.

As was expressed in the statement of the Executive Board, "essential programs must be maintained and expanded." S–3063 is an example of a needed expansion of a social program. As Resurrection City is being erected on the Potomac Flats, as a symbol of the poor's desire for a better share in America's prosperity, I urge Congress to enact the Emergency Employment and Training Act of 1968 as a concrete expression that dreams do become reality and frustration is not a permanent way of life.

Senator Clark. All right, sir; proceed in your own way.

Mr. Abel. Mr. Chairman, my name is I. W. Abel, as you have stated, and I am president of the United Steelworkers of America.

My purpose in appearing before you is to express the support of the union for the principle of providing job opportunities for low-income and unemployed workers, as is embodied in S. 3063, introduced by you and 11 other Senators.

Riot Commission: The social stirrings of the past few years have put severe strains upon our Nation to meet the challenges of those who have, for far too long, been deprived of the advantages of our society.

Actually, our national determination to provide equal rights and opportunities for all is being doubted. As a member of the President's Riot Commission, I came face to face with the everyday frustrations of people who are unconvinced that the promise of American can be translated into reality for them.

As was indicated in our report: "Disorders are not simply a problem of the racial ghetto or the city * * *. They are symptoms of social ills that have become evidenced in our society and now affect every American—black or white, businessman or factory worker, suburban commuter or slum dweller."

Senator Clark. Do you mind if I interrupt you from time to time?

Mr. Abel. Not at all.

Senator Clark. I will have the statement printed in full at the beginning of the record so it will appear in full in one place.

I would agree, wouldn't you, Mr. Abel, that what we are dealing with here is not entirely a city, or even an urban problem. We have the same problem in the rural districts of America.

Mr. **Abel.** Very much so. In fact, in some of the rural areas, I can take you within 100 miles of the city of Washington where the conditions are just as bad, if not worse, than the worst conditions in Harlem, New York.

Senator **Clark.** You are quite right.

Please proceed.

Mr. **Abel.** Whether we are, in fact, "moving toward two societies, one black, one white—separate and unequal" depends a great deal upon the ability and the willingness of Congress to respond to these problems.

In all frankness, in spite of predilections of dire consequences to constitutional rights of the privileged, Congress has moved steadily along the road of enacting civil rights legislation, culminating last month in the passage of the open-occupancy provision for nondiscrimination in housing.

These have been great achievements, not only because they represent the enactment of just laws but, most important, they stand as an indication that the political system is responsive and accomplishment of social justice is possible through the political process.

Senator **Clark.** As you know, Mr. Abel, we have one piece of rather important unfinished civil-rights business which we must get through the Congress this year. That is the amendments to the Equal Employment Opportunity Act which I have sponsored, and a number of Senators have cosponsored.

That bill is now on the Senate calendar. Its principal change is to give the authority to the Equal Employment Opportunity Commission to issue cease and desist orders in event of discrimination based on race, creed, or sex. I have no doubt from what you have said so far that you would support that legislation also.

Mr. **Abel.** Support it completely, Senator.

Senator **Clark.** Thank you, sir.

Mr. **Abel.** We are now, however, at the same crossroad that many industrial workers were before the advent of unionism. Could a social democracy have any meaning without economic democracy? In the 1930's, the economic system was sorely tested because the workers were convinced that without economic justice, social rights were meaningless.

I submit, Mr. Chairman, that today our social institutions hold no meaning for many of the unemployed because the economic system is not providing them with the opportunity to be gainfully employed.

Your committee is well aware of the statistics of long-term unemployment among the minority groups, the entrapment in poverty of the working poor or the so-called underemployed, and the tragic circumstances of the unemployables.

Government Responsibility: The labor movement is an instrument for combatting poverty through the exercise of its right to collectively bargain for workers. But it proves to be an effective instrument only because its members are already gainfully employed.

It uses economic pressure to seek a better share of the wealth of the Nation. However, when its members are unemployed, collective bargaining has little influence. Under that circumstance, the labor movement must apply political pressure to encourage the application of the fiscal and monetary powers of the Government.

I make this comment because we are all conditioned to accept and, surely, to expect Government intervention when there is massive unemployment.

No less valid, then, is the necessity of Federal involvement in the tragic problems of unemployment among the hard-core disadvantaged in our vast urban centers and some rural communities. A man must have a job before he can give meaningful expression to his role as a member of his society and the head of his family.

Manpower training and fiscal policy: This committee has performed a most significant role in the fight against poverty by exploring the methods of making job opportunities a reality for the poor.

By enacting the manpower training bill, one bridge from unemployment to employment was built for those who could cross over it. I say "for those who could cross over" because the assumption of the Manpower Development and Training Act is that unemployment is a personal characteristic of the jobless. The worker has become structurally ill-equipped to compete in the job market for jobs which do exist. Through training, he will be able to correct his deficiencies and qualify for a job.

To the extent that we have a full-employment economy, certain structural unemployment will be eradicated by effective training. However, I wish to indicate, as we indicated when the original MDTA was passed, that job training is successful only when the economic policy of the Nation is geared to a tight labor market in which aggregate economic activity can absorb the low-skilled unemployed.

In 1966, I was one of the signatories of the "Freedom Budget" advocated by A. Philip Randolph. In his report, he indicated:

> While there can be no doubt that we need even better programs of training and retraining than we now have, we must reject most emphatically the proposition that the main reason for excessive unemployment resides in the personal characteristics of the unemployed. This fallacy rests upon failure to distinguish between the reasons why too many are unemployed and the reason why particular people are selected for unemployment when there are not enough jobs to go around * * *. The fact that Negroes tend to be the first fired and the last hired when jobs are insufficient should not prevent us from recognizing that this phenomenon, so central to the racial problem, would not exist if there were jobs for all.

In creating job opportunities for the disadvantaged, I think an aggressively expansionary fiscal policy is absolutely necessary. This, I realize, requires a changed public attitude or tolerance toward inflation.

As Congress moves to adopt a deep spending cut—deeper than the one advocated by the President—as a price for the tax increase, I wonder whether the price will, in reality, be heavier unemployment in our core cities.

Emergency employment program: The labor movement is, therefore, committed to increased Government spending in the public sector. It is within the context of this overall economic policy, which alone can increase job opportunities, that I want to make a few comments on the emergency employment bill.

It is most significant that this committee is deliberating upon the necessity or usefulness of this concept at a time when the Poor People's Campaign is already in Washington.

Senator CLARK. You know that last week the Reverend Abernathy and six of his associates spent the better part of the morning testifying before this subcommittee, which I have the honor to chair, in support of the very emergency employment bill you are now discussing.

They were courteous, well-mannered, intelligent, and very helpful witnesses. I was pleased, indeed, to have them before us.

Mr. ABEL. That is right, sir.

Although the vast majority of the marchers are Negroes, it is essentially a protest movement of the economically deprived. In a very dramatic and, I hope, successful way, they are petitioning their elected representatives to act favorably upon this bill. To that petitioning, I join the voice of the United Steelworkers of America.

Senator CLARK. I would like to express my admiration for you and the importance I give to that statement on your behalf. As you know, there have been suggestions that these poor people are irresponsible, that they represent the riffraff of the community. I categorically deny that.

I believe that they are only exercising their constitutional rights to petition for a redress of just grievances. I am delighted to see you put the United Steelworkers of America strongly behind that.

Mr. ABEL. Thank you, Senator.

The bill attempts to seek an immediate—indeed, an emergency—response to the high levels of unemployment in certain areas.

The President's Riot Commission has made a direct link between civil disorder and unemployment. The National Urban Coalition was formed upon a platform of creating job opporunities in both the public and private sector of the economy. S. 3063 would provide jobs and job training in both sectors for 2,400,000 hard-core unemployed during the next 4 years at a cost of about $10.3 billion. The first-year appropriation would be for $2 billion.

Senator CLARK. As you know, we have had both Governor Kerner and Mayor Lindsay, the Chairman and Vice Chairman of the President's Commission on Civil Disorders, down here testifying strongly in support of this bill. I am delighted to have you join your voice to theirs.

I am wondering if you have any intimation as to why the administration in general, and Secretary Wirtz in particular, takes such a dim view about the practicality of this bill.

Mr. ABEL. The only reason I could think for it, Senator, is the tremendous pressures being brought on the administration for reductions in appropriations and expenditures in order to get the tax bill that is so necessary to help stabilize our economy.

Senator CLARK. I don't expect you to necessarily agree with me on the statement I am about to make, but I am perfectly convinced that we could get all and more of savings which so many Members of Congress think are desirable by cutting our swollen military budget by no more than 10 percent, including bringing a lot of boys home from Europe, cutting back on 3,400,000 troops now in uniform, and the swarm of civilian employees who serve them. I also think that could be done without hurting our security.

Mr. ABEL. To continue, Senator, title I of the bill is a genuine attempt at creating now jobs. The concept of "Government as employer of last resort" has been growing during the last few years. The report of the National Commission on Technology, Automation, and Economic Progress specifies that there are at least 5.3 million public service jobs capable of being created. These jobs are distinct from the so-called public works employment—which provide job opportunities for the more skilled craftsmen—in that it is the public service employment which is the most effective means of rapidly increasing stopgap employment for the lowly skilled.

Senator CLARK. That doesn't mean just leaf-raking; does it? These are jobs where wealth would be created and society benefited.

Mr. ABEL. Yes. There are many ways in which we could initiate public service programs which would increase the wealth of communities and States and, in fact, the whole Nation.

At the same time, the performance of these services will satisfy a very definite need in our great metropolitan areas. The more affluent our society becomes, the more is the demand for services which uplift the quality of life. From both an economic and a social point of view, we are indeed fortunate that we have the coincidence of an unused manpower and unmet social needs. These public services represent a new dimension for expansion of the job market.

Howard Hallman, staff director of the poverty program study of this subcommittee, identified the range of some of these jobs:

> Three examples can serve as an illustration, but the choice is by no means limited to these. They are the use of professional aides; conservation and recreation facilities; and housing rehabilitation. Each can provide socially useful work. Each can give communities across the Nation a means of reaching the unemployed directly and thus to individualize a national program for employment.
>
> The first area for increased public service employment is as professional aides. These are positions which assist professional workers, such as school teachers, nurses, social workers, recreation supervisors, probation officers, and the like, by performing, under supervision, various tasks which can be learned on the job or through short-term training. In other words, a minimum of formal training is required.
>
> Such agencies as settlement houses have used neighborhood residents in these roles for years. The U.S. Office of Economic Opportunity has encouraged the expansion of this field of employment, and in the spring of 1967 40,000 were working as subprofessionals under the community action program. The Scheuer amendment to the Economic Opportunity Act has added another 15,000, which apparently will be used primarily for training purposes.
>
> The National Commission on Technology, Automation, and Economic Progress estimated that educational institutions could absorb 1.1 million new workers and medical institutions and health services another 1.2 million.
>
> For instance, teacher aides could be employed by the tens of thousands, particularly in schools serving children from poor families where the school has to compensate for home deficiencies. While theoretically it might be desirable to alter the ratio of one teacher for a classroom of 30 pupils to one for 15, or even as low as one for 10, there are neither the teachers nor the classrooms for such an approach. But every elementary teacher in poor neighborhoods could easily use two teacher aides, not merely to take roll and help put on coats, but to help with reading, arithmetic, and spelling, and other supervised teaching tasks.
>
> After all, at one time most elementary school teachers did not have college degrees. While today we should insist that the teacher in charge should have a college education, he or she could profitably use aides who are high-school graduates—and two out of five of the unemployed have a high-school education.
>
> Hospitals could use many nurses aides and laboratory assistants. Homemaking education, which sometimes needs to be taken directly to the home, can readily

be conducted by women who have had 20 years of successful experience with their own families. Home care for the elderly could absorb thousands of workers.

Consumer education among the poor, a hardly scratched but badly needed field of service, can be carried out by professional aides. Schools can be kept open evenings, week ends, and summers for programs led by recreation aides. Overworked probation officers could have nonprofessional assistants. Most social agencies are understaffed in clerical positions. On and on the list could be expanded.

A second area for job creation in public service employment is conservation and recreation area development. Again, these are neglected fields of service which can absorb large numbers of semi-skilled workers.

In National and State parks and forests, thousands of campsites and other recreation facilities should be created to serve a growing population which has more money to travel, more free time, and more need to retreat from the city to natural surroundings. Of all the facilities constructed under the accelerated public works program, this type was about the only one in which a majority of the jobs created could be filled by semi-skilled or unskilled workers.

The same concept could be applied to many of the great urban parks created since 1850. Central Park in New York City, Fairmount Park in Philadelphia, Rock Creek Park in Washington, Lincoln Park in Chicago, Swope Park in Kansas City, Golden Gate Park in San Francisco, to mention a few among many, all could benefit from improvements and restoration. Add to this the neglected playgrounds and squares, and the job potential is further increased.

Land conservation, forest restoration, seashore preservation, and the newest thrust, highway beautification, all are tasks where labor is a high proportion of the budget, and most of the jobs can be filled with unskilled persons, who can be trained on the job or in short-term courses. A small start has been made under the Nelson amendment to the Economic Opportunity Act. Easily a million workers could be so employed.

A third field in which many jobs could be created is housing rehabilitation. There are 8 to 10 million dwelling units in the United States which need improvement greater than what is expected for annual maintenance. Two-thirds of these units are in metropolitan areas, mostly in the inner city and occupied by low-income families. It so happens that the unemployed are concentrated in the same locations. Thus, ways should be found to combine the need for housing rehabilitation and the need for more employment opportunities.

Professional aides, recreation facilities and conservation, and housing rehabilitation are by no means the limit of possibiilties for public service employment. Each community should have the option of determining what it needs and wants most.

Mr. ABEL. Let me lend our voice to what Howard Hallman in his report states.

Senator CLARK. I am flattered that you should include so long a quote from Howard's report. As you know, he was an employee of this subcommittee and we are very proud of the work he did.

Mr. ABEL. We are certainly happy to endorse his findings and recommendations.

These are the jobs that can be done right now in many communities. It is here that the Federal Government could move in immediately and place people in these jobs. The Clark bill contemplated 300,000 participants in 1 year and 1.2 million in 4 years.

Because of the nature of these jobs and the urgency of the situation, Congress should establish a priority to meeting this commitment in line with the financial resources available.

If a choice is to be made between the immediate creation of jobs in the public sector and a program to reimburse employers for training workers for entry-level jobs in the private sector, then the priority should be expressed in favor of job creation. What we need now more than ever are new jobs for the disadvantaged.

Senator CLARK. I am glad to have you say that, Mr. Abel, because I agree with you. Some of my Republican colleagues on the committee, for whom I have the highest admiration, think the first priority ought to be to pay employers through a tax inducement, a reimbursement, or a tax credit, for taking on and training the hard-core unemployed.

While I agree that is useful and could be productive, it doesn't seem to me that it has nearly the potential of creating new jobs and probably would cost even more. Would that be your view?

Mr. Abel. Yes. We have had discussions both ways, as you are probably aware, Mr. Chairman, in debates, discussions, and considerations of the President's Commission on Civil Disorders. But we certainly agree that a lot of this can be accomplished without going that other way.

Senator Clark. I would like to do both, too. But I agree with you, the first priority is we want to put people to work pretty quickly, and that is the public service employment.

I am concerned, too. I wonder from your experience in the steel industry as a guide, as to how effective on-the-job training with some reimbursement to the employers in creating new jobs as opposed to just replacing one worker with another worker.

Mr. Abel. Later I touch on this. We do have some experiences in job training utilizing procedures of MDTA. We are quite successful.

On creating actually new jobs, I think it is all part of the overall. You do, in a sense, create new jobs through this kind of training and expansion program.

Senator Clark. Of course, in the private sector, you have to have a constantly growing economy, don't you, or there will not be any new jobs to create, whereas, in the public sector there is so much work which ought to be done which isn't being done, where you have a reservoir of work waiting for you.

Mr. Abel. That is where one of the big problems resides, as some of us see it, the neglect of both the work in the public sector as well as the training of people competent to do that kind of work.

I think the forestry field is a good example of the neglect, and neglect primarily because of lack of training of qualified people to engage in that kind of service to society.

Senator Clark. You have probably been through, as I have, a good many of our national parks, and you have seen the enormous amount of work that needs to be done there in clearing trails, making roads, preparing campsites, all of which has been stalled for years because we haven't gotten the appropriations for our national parks.

Mr. Abel. That is right.

The immediacy of these jobs, both in terms of their availablity and qualification requirements for the worker, should not be taken to mean that these jobs are either temporary or dead end. As a matter of fact, legislative intent should definitely declare that those workers who are assigned to public-sector jobs should be placed in direct contact with regular public service employment opportunities.

Through training and supportive service, they should be given the chance to progress in promotional sequences. A worker must have the hope of bettering his status. It would be a mistake, therefore, for these jobs to be looked upon as only stopgaps.

Testimony already given to you by the AFL–CIO urges that the language of the bill be corrected so that these jobs can be recognized just as meaningful, productive, and competitive as those in the private sector.

I concur in that recommendation. Furthermore, the Scheuer concept of new careers at the subprofessional level for certain public service jobs opens up a real possibility for meaningful work presently needed in our communities. Title I offers an opportunity to enrich the new career approach, and it ought to be designed to take advantage of the possibilities.

In order for a job to be considered meaningful, there must also be built into it the concept of upward mobility. Whether joined to a new career position or not, promotional opportunities should exist. All community-employment programs should, therefore, be expected to include training activities so that all participants will be given the education, training, and supportive services while employed to prepare them to be not only employable but competitive in order to move upward in either public or private sector jobs. We seek, therefore, to strengthen the worker's occupational mobility.

Although initial placement in public service employment may serve as a holding operation, a heavy dose of basic education in basic literacy skills—half-time at work and half-time at training—will guard against considering these jobs as "deadend" ones.

I would also caution against considering these jobs to be low-wage ones, because we would only be shifting the hard-core unemployed from the public welfare rolls to a status of "kept" low-wage workers in public employment. There must be the opportunity for upward movement, and training opportunities will provide that ladder.

Furthermore, as we open up these jobs to the unemployed, we should be very mindful that the under-employed who may already be employed in these jobs should be given the opportunity to participate in the training programs.

In summary, therefore, we endorse the concept of the "Government as a last resort employer" to employ those workers who, even now, need jobs or those who, after some training, cannot find private-sector jobs. As the Automation Commission remarked:

> When all that is done, there remains another possibility: to begin at the rear of the (employment) line and create employment opportunities tailored to the abilities of those with serious competitive disadvantages.

My main enthusiasm for the public sector title of this bill lies in the fact that it actually creates new job opportunities for the unemployed while, at the same time, it satisfies a need in our communities to have this work performed. Since the public sector, through the tax system, is underwriting the cost of the jobs, it is most fitting that the public sector is the director beneficiary of the work performed. However, I hasten to add that the public sector always benefits when a worker is removed from public assistance.

PRIVATE SECTOR JOBS

Title II of the Clark bill encourages private enterprise to take an active part in combatting the ravages of unemployment among the disadvantaged. The role of the business community is an essential one in the war on poverty.

The urban coalition is a visible expression of the determination of businessmen to move in this area. Last January, the President issued a call for a new partnership between Government and private industry to hire and train the hard-core unemployed.

The JOBS—job opportunities in the business sector—was inaugurated in the Labor Department to be assisted by the National Alliance of Businessmen. The President's Riot Commission strongly urged such business involvement. The Clark bill gives a legislative base to the JOBS experiment.

The main objective of title II is to help the hard-core to become employable. There are incentives on both sides. The worker is given an opportunity to earn money while he is achieving a skill to improve his employability so that he can become competitive in the labor market. The employer is reimbursed for the cost of training the worker so as to make him a productive employee. By hiring a worker whom he would not otherwise employ because of lack of basic qualifications, the employer will receive a cost displacement at the rate of $3,500 for each employee.

The essential ingredient in the experiment is on-the-job training at remedial levels far below occupational training. I should relate to you two experiments in which the union and the steel industry are engaged:

1. Adult Basic Education for Employed and Unemployed Steelworkers

One involves a $1 million MDTA grant to provide remedial training for two groups of employees. One group represents those workers in the plant who are entitled to promotional opportunities but are unable to effectively exercise these rights because they lack basic literacy skills. A selected sampling from various mills are now undergoing training with the objective in mind that they will be able to exercise their seniority to achieve a higher job classification. It is, indeed, a tragedy to have a worker locked into a job while others with less seniority are able to advance around him.

Under this pilot program, about 1,600 employed steelworkers in the Chicago and Baltimore areas are attending adult basic education classes at their plants to improve their communications and mathematical skills. The program is a joint effort of the United Steelworkers of America, seven major steel companies, and the Labor and HEW Departments.

Training is being provided by the Board for Fundamental Education, a nonprofit organization which, incidentally, holds a congressional charter. A joint study, pursuant to the 1965 contract settlement between the coordinating committee of the steel companies and the steelworkers union, led to the development of the program.

The aim of the program is to raise the educational levels of the workers so that they might be able to qualify for training and job opportunities when available. Trainees are given 6 hours of classroom instructions a week for approximately 26 weeks. Classes are scheduled on the workers' own time just before or after their work shifts.

Senator CLARK. Mr. Abel, I congratulate you on this program. You speak of 1,600 employed steelworkers. Suppose these courses are successful and the workers qualify for a higher level of employment. Would that necessarily mean that somebody else would come in at the bottom below them and be employed?

Mr. **Abel.** Yes, sir. A little bit later, I will treat on how we are working in that direction.

The second group, and I speak of it now, Senator, represents those workers who failed to qualify for entry jobs. They also are being given special training to see whether they can be equipped to satisfy very basic entry requirements.

Here we are speaking of people who normally do not qualify for even the most lowly job opportunity when they appear at the employment office.

Senator **Clark.** To be successful, this requires a tight labor market, doesn't it?

Mr. **Abel.** Right. And we have been successful in this endeavor to have the companies refer these unemployables to this program.

If the program for the employed steelworkers is successful, more entry level jobs will become available for these unemployed persons. The pilot program, when completed, will provide educational opportunities for some 300 persons in Illlinois and Indiana. The basic education courses are designed to raise them to a level of acceptability for employment in the steel industry.

2. Jobs Now Program

The second experimental program is one which was recently agreed to in a supplemental understanding with the industry. Basically, it gives option to the local union and the plant management to extend the probationary period for special employees so as to provide "greater employment opportunity for persons disadvantaged with respect to employment because of lack of sufficient basic educational qualifications * * *. Current employment can be provided on the condition that participants actively pursue a course of study designed to rectify their educational deficiencies."

It is too early to tell what our experience under these two programs will reveal. The latter arrangement is a response to the JOBS program and can apply to the job opportunity section in title II of the Clark bill.

Senator **Clark.** Have you had any experience with the JOBS program? We have had a good deal of mixed testimony. The Secretary of Labor was strongly of the view that there was enough experience with it to indicate it was a success and that it should substantially expanded in the coming fiscal year. He spoke the same way about the CEP programs.

Other witnesses have testified that neither of those programs have really gotten off the ground and there is not much reason to hope that if more money were poured into them, they would achieve results which the administration hopes they will.

Have you had any experience or any background on that?

Mr. **Abel.** Yes, we have had some experience, Mr. Chairman. Actually, there is still a lot to be done in the field. We are encouraged at the real interest being taken, particularly on the part of industry. It is true in our industry. We were just talking last night with some of the industry people. They have had good experience with it. They have gone out on their own initiative into the hard-core area and recruited workers themselves and brought them in. They seem quite happy with their progress so far.

Senator **Clark.** I am glad to hear that, because nothing would please me more than to be able to press those programs. I think they are very important to this whole business of finding jobs for the hard-core unemployed, if we can make them work.

Mr. **Abel.** I think, too, Mr. Chairman, the mere fact that in our agreements, where we have certain specific restrictions and requirements on the probationary periods for new employees, that the industry, as a whole, along with our union, is sitting down and making exceptions in these instances to provide this opportunity and a longer period of time for these people to really qualify to do the jobs.

I recognize that title II does not create any new jobs in the private sector. As I mentioned earlier, only an aggressive economic policy can accomplish that objective. However, it does increase the possibility that the "mix" of the employed will be changed. Under the stimulation of the subsidy to industry, more of the disadvantaged will be employed—at least temporarily—than would otherwise under current hiring policies.

If training on the job is assured, their employability will be improved, thereby enhancing the permanency of their jobs. Access to a job environment and the opportunity to train, while at the same time receiving take-home pay from the paymaster at the plant, rather than a relief check from the Government, may provide the added motivation needed to move the disadvantaged into a more positive job-oriented attitude.

While it does not increase the total supply of jobs, it does give, as was indicated by the director of the Michigan Employment Security Commission, "special consideration to those who have historically been at the back of the line."

The private sector must be engaged in the effort to open up job opportunities for the disadvantaged. It will do so only so long as there are actual jobs available. I would hope that the funds made available to industry will result in an aggressive hiring policy.

Your committee should specify the legislative intent on this matter since the testimony of a previous witness, Garth Mangum, indicated that:

> It will be difficult to assure that those employed are significantly more disadvantaged than those who would have been employed in the absence of the program. . . . Subsidies to private employers to encourage hiring of the disadvantaged substitute for education and training to make them more attractive to employers without subsidy.

On balance, however, the twofold approach of providing jobs in both the public and the private sector is the least that this country should do for the poor. Certainly the Nation must "generate a new will," as the Riot Commission stated. But the Congress is the vehicle for expressing that will. It can do so by enacting this bill. It is no wonder then that the executive board of the AFL-CIO unalterably opposed the expenditure cuts contemplated by the House-Senate tax conferees.

Senator **Clark.** I am delighted to have that testimony from you, Mr. Abel. I wish you would use your good offices in the labor movement to see if we can't cause Secretary Wirtz to change his essentially negative attitude toward this legislation. To me it is of the greatest importance.

I know that a majority of the members of this subcommittee are going to attempt to assert the leadership which you call for in creating national will. I think we have to lead; we should not be following. But we can't get very far unless we have the Executive arm of the Government strongly behind it. We don't have it today.

I was very much disappointed at Secretary Wirtz's testimony. I suspect you might have some influence with him.

Mr. ABEL. We try, Mr. Chairman. As you are well aware, we of labor don't find agreement always with the administration, or the administration with us. We are quite proud of what we have been able to do jointly and, of course, we feel that much more can be done.

Certainly we are going to keep stressing our point of view and making every effort to bring about the necessary kind of support and influence that will be needed to do this job.

Senator CLARK. I am sure you will keep on trying.

Mr. ABEL. Finally, Mr. Chairman, as was expressed in the statement of the executive board——

Senator CLARK. That is your executive board?

Mr. ABEL. That is right—the AFL–CIO. "Essential programs must be maintained and expanded." S. 3063 is an example of a needed expansion of a social program. As Resurrection City is being erected on the Potomac Flats, as a symbol of the poor's desire for a better share in America's prosperity, I urge Congress to enact the Emergency Employment and Training Act of 1968 as a concrete expression that dreams do become reality and frustration is not a permanent way of life.

Thank you, Mr. Chairman.

(Mr. Abel's exhibits follow:)

EXHIBIT I

[From the Wall Street Journal, Apr. 26, 1968]

POLITICS AND PEOPLE

(By Alan L. Otten)

HOW MANY JOBS?

WASHINGTON.—One reason President Johnson isn't seeking big new urban-help programs in the wake of the recent rioting is his belief that Congress wouldn't approve them; he doesn't want to raise excessive hopes among the poor by asking for help he knows they won't get, the White House explains.

Richard Nixon says he won't join those who promise billions of Federal dollars to rebuild America's cities, because the budget bind makes such promises "dishonest and a cruel delusion."

This concern about raising excessive hopes has become a favorite bipartisan explanation (critics might call it a rationalization) among those opposing any dramatic new Government moves. Yet this same over-optimism may be a tragic flaw in the politicians' favorite alternative answer to the problems of the urban poor: Massive involvement of private enterprise.

Consider the Administration's three-year program, now being launched with great fanfare, for Federally subsidizing business to hire and train some 500,000 men and women chronically unable to find work or out of work for a long time: the goal is to hire 100,000 of these hard-core unemployed in the next year. A 65-member National Alliance of Businessmen will spearhead the 50-city campaign, acronymically entitled Job Opportunities in the Business Sector.

It's a laudable effort, by dedicated citizens giving unselfishly of time and energy, and they seem to be going about it in a highly professional way. There are local orientation meetings, quotas for each city, hiring-pledges from individual enterprises, magazine ads urging businessmen to join up.

Maybe this campaign can indeed accomplish what earlier ones have not. But the problems are enormous, and certainly the previous efforts have been a disappointment. Business response was sluggish. Administrators often reported far more success at putting hard-core unemployed in school or in public work than in private jobs. Dropout rates were high, both during training and afterward.

One knotty question facing JOBS recruiters: How far down into the pool will they dip? Their target is "poor persons . . . who are either school dropouts, under 22 years of age, 45 years of age or over, handicapped, or subject to special obstacles to employment." That core sounds hard enough, but chances are a lot of recruits will be people who lost their jobs not so long ago and probably would soon have found new ones anyhow. Business is still out to make money, after all, and it's still easier to recruit and train people with some motivation and job experience than those with little or none.

Th Administration's three-year target of 500,000 jobs is the official estimate of hard-core unemployment in the 50 cities, averaging out to a little over 3,000 in each city each year. But many experts believe the real number is two to six times the 500,000, counting such groups as those who have simply given up the search for work. In the District of Columbia, for instance, where the first-year JOBS quota is 2,000, even the official estimate of hard-core joblessness is 8,000 to 12,000, and "for every hard-core unemployed person we go out to recruit, we find several more," says Fred Hetzel, the local U.S. Employment Service director. "How many are out there?"

As fast as some hard-core unemployed find jobs, other low-skilled workers are losing theirs to automation and other factors. The very success of the newly employed persons may draw into the labor market friends and relatives who haven't been looking for work, or attract to the big cities still more poor families from rural areas. Even if the 500,000 goal is fully achieved, says manpower specialist Garth Mangum of George Washington University, "we will never notice the difference."

That may be the basic drawback of the JOBS campaign. The openings it seeks to fill already exist; it is not creating additional jobs. Moreover, present Government economic policy may even be reducing industry's manpower need; Federal spending plans are being trimmed, to quiet some of the boom in the economy, and invariably the least-skilled workers are fired first as the economy cools.

So other routes may have to be explored, too. Some specialists urge a harder sell to persuade employers permanently to lower hiring standards and unions to lower membership requirements. Others think the Government must subsidize business not only to train less-skilled, less-productive workers but also to keep them employed. And still other experts believe that along with all this there must be an extensive program of Government employment for those willing to work but unable to find it in private industry.

A series of high-level commissions—most recently the President's "riot commission"—has proposed that the Government not only spur private hiring but also itself become an "employer of last resort." So has the prestigious Urban Coalition, with its considerable business membership. Most of these recommendations talk of a million or more "meaningful" public service jobs—working for the Federal Government and also, with Federal financial help, for state and local governments and non-profit institutions.

To dismiss such involvement as mere leaf-raking is to write off the roads and bridges, parks and playgrounds, paintings and plays created during the depression by the Civilian Conservation Corps., National Youth Administration and Works Progress Administration. Today's counterparts could be cleaning up slum neighborhoods, helping professional staffers in schools and hospitals and parks and libraries, baby-sitting for working mothers, providing extra mail deliveries for business. Most of the proposals envisage schooling and counseling along with the make-work, to help the men and women eventually move up to better positions.

The JOBS program and other Federal efforts to induce business to hire more hard-core unemployed are eminently worthwhile, and by all means must go forward. But their accomplishments may at best make a small dent in the problem, and perhaps a more open-minded attitude toward expanded Government employment is also in order. No one here is sure how much it would ease the slum tensions that so deeply worry the politicians and everyone else. What people do say, however, is that there's no bigger or more expensive make-work program than rebuilding burned-down cities.

EXHIBIT II

MAY 3, 1968.

Re Training programs.

Mr. ALEX FULLER,
United Steelworkers of America,
Pittsburgh, Pa.

DEAR ALEX: You have asked for a brief statement about our experimental training programs in the steel industry and how they help to provide educational and employment opportunities for hard-core unemployed youths. There are three programs which have a bearing on this subject.

1. ADULT BASIC EDUCATION FOR EMPLOYED STEELWORKERS

Under this pilot program, about 1600 employed Steelworkers in the Chicago and Baltimore areas are attending adult basic education classes at their plants to improve their communications and mathematical skills. The program is a joint effort of the United Steelworkers of America, seven major steel companies and the Labor and HEW Departments.

Training is being provided by the Board for Fundamental Education, a nonprofit organization, and is financed by about $1 million of Manpower Development and Training Act funds. A joint study, pursuant to the 1965 contract settlement between the Coordinating Committee Steel Companies and the Steelworkers Union, led to the development of the program.

The aim of the program is to raise the educational levels of the workers so that they might be able to qualify for training and job opportunities when available. Trainees are given six hours of classroom instruction a week for approximately 26 weeks. Classes are scheduled on the workers' own time just before or after their work shifts.

The participating companies in the Chicago area are Inland Steel Company, National Steel Corporation, Republic Steel Corporation, The Youngstown Sheet and Tube Corporation and United States Steel Corporation.

The companies involved in the Baltimore area are Armco Steel Company and Bethlehem Steel Corporation.

Results achieved thus far in the first half of the 14-months pilot project are encouraging. It is reasonable to expect that the program will be continued beyond the experimental stage and expanded to other plants in the steel industry.

Hard-core unemployed youths will benefit from this program in two ways. As present workers in low-rated jobs complete their training and qualify for upgrading, more entry level jobs in the steel industry will become available for unemployed persons. In addition, the program would provide the basic education training required by unemployed persons hired for such entry level jobs. The program would also train such persons in literacy skills needed for advancement to higher rate jobs.

2. ADULT BASIC EDUCATION FOR UNEMPLOYED PERSONS

In the past, many unemployed persons who sought entry level positions in the steel industry have been rejected because of lack of education. The Departments of Labor and Health, Education, and Welfare, with the enthusiastic cooperation of the United Steelworkers of America, have developed an adult basic education training program for such persons. This pilot program, when completed, will provide educational opportunities for some 300 persons in Illinois and Indiana.

In view of the continuing availability of beginning jobs at the several plants of steel companies in that area, it is reasonable to project that those who successfully complete this program will be able to find employment opportunities in the steel industry.

Certain of the steel companies in the area are cooperating by furnishing the names of persons who, in the past, have been rejected for employment because of basic educational shortcomings. The Employment Service Agencies in Indiana and Illinois have contacted these persons as well as other prospects and have enrolled them in basic education courses designed to raise them to a level of acceptability for employment in the steel industry.

Trainees are receiving 30 hours of instruction per week in the Chicago area and in the two Indiana locations of Gary and East Chicago. The Indiana program anticipates an average of 20 weeks per trainee. In Illinois the maximum level of training could go to 40 weeks, but it is not anticipated that the trainees will require such a long period to complete the course. In both states trainees are being allowed to advance at their own rate of progress and some will finish earlier than others. The training is being conducted by the public schools.

It is clear that this type of pilot program which is geared to overcome the educational deficiencies of unemployed persons, bids fair to make a substantial contribution toward the education, qualification and employment of hard-core unemployed youths.

3. JOBS NOW PROGRAM

As part of the Federal Government's concentrated employment program, an intensive effort is being made to find 500,000 jobs for hard-core unemployed persons and youths by July 1, 1971. After the jobs are located, such persons must be recruited and trained for the jobs. This phase of the program is called "Jobs Now."

At the request of the President, the National Alliance of Businessmen was formed to implement the Jobs Now campaign. The NAB is a partnership between Industry and Government. Full support for the campaign is being rendered by the AFL-CIO.

Many companies under contract with the United Steelworkers of America in the steel, aluminum, can and other industries are participants in the Jobs Now program. The Steelworkers Union is actively cooperating to assure the success of this bold experiment.

Thus, the Steelworkers Executive Board has adopted a policy which authorizes and encourages Local Unions to enter into agreements with Plant Managements for extended probationary periods for employees hired under the program. An additional period is necessary for such employees so that they may be given the adult basic education and on-the-job training required to enable them to qualify for and remain on entry level jobs.

All the wage, benefit and other protections of our labor agreements which are applicable to regular probationary employees, also apply to the "hard core" employees.

It is hoped that each of the experimental programs described above will be expanded as promptly as possible. The Steelworkers Union certainly will bend every effort in pursuit of this essential and salutary goal.

I trust this information will serve your purpose. Please call me if you have any questions.

With kindest personal regards,

Sincerely,

ELLIOT BREDHOFF,
Special Counsel, USWA.

EXHIBIT III

MEMORANDUM OF AGREEMENT

United States Steel Corporation and United Steelworkers of America have the mutual objective of (1) providing greater employment opportunity for persons disadvantaged with respect to employment because of lack of sufficient basic educational qualifications, (2) motivating such persons to rectify that educational deficiency, and (3) providing the authority under which local management and USA Locals may agree to establish on an experimental basis a "Special Employment Program," for a limited number of such persons hired under the non-discrimination policy of the September 1, 1965 Agreements, under which current employment can be provided on the condition that participants actively pursue a course of study designed to rectify their individual educational deficiencies.

Accordingly, it is hereby agreed that, notwithstanding any of the provisions of the September 1, 1965 Agreements between United States Steel Corporation and the United Steelworkers of America covering Production and Maintenance employees and Salaried employees, respectively, (or of their successor Agreements), the local plant management and the USA Local at any location covered by those agreements are hereby authorized and empowered to enter into a local written agreement which conforms to the sample Memorandum of Agreement attached hereto as Exhibit A. Such local agreements will be executed by the President of the Local Union and the Chairman and Secretary of the Grievance Committee on behalf of the Local Union and by the Superintendent of Personnel

Services on behalf of the Company. Said sample Memorandum of Agreement may, with the approval of the signatories of this Agreement, be modified to conform to local conditions and needs.

This Agreement may be cancelled by either party on 60 days' written notice to the other, provided, however, that no cancellation shall be effective with respect to persons already hired under the Program.

--------------------------------,
UNITED STATES STEEL CORPORATION,
Administrative Vice President.

--------------------------------,
UNITED STEELWORKERS OF AMERICA,
President.

Dated: MARCH 1, 1968.

EXHIBIT A

MEMORANDUM OF AGREEMENT

Under the authority granted by Memorandum of Agreement dated ---------- between United States Steel Corporation and United Steelworkers of America, Local ----, United Steelworkers of America ("Union"), and ------------- Works, United States Steel Corporation ("Company"), hereby agree to establish on an experimental basis a "Special Employment Program" for a limited number of persons under which current employment will be provided during an extended probationary period on the condition that such persons who are hired by the Company and are covered by the conditions of this Agreement will pursue a course of study designed to rectify their individual educational deficiencies.

This Agreement shall become effective on ----------.

To effectuate this Program, and notwithstanding any contrary provision of the September 1, 1965 Basic Labor Agreements or any successor agreements covering Production and Maintenance and Salaried employees, respectively, the parties agree as follows:

1. Each person hired under this Program shall be required, as a condition of employment, to pursue a prescribed course of study approved by the Company, and to submit to the Company evidence of his enrollment in, attendance at, and satisfactory progress in his prescribed study program.

2. Each person hired under this Program shall have a probationary period of six (6) months from his date of hire. The signatories hereto may review individual cases at the end of five (5) months from date of hire and by mutual agreement extend the probationary period from six (6) months to eight (8) months. They may likewise meet after seven (7) months and nine (9) months and by mutual agreement extend the period based upon the needs of particular cases. In no event, however, shall the probationary period exceed twelve (12) months. An employee who completes the probationary period shall receive full continous service credit from date of original hiring.

3. Job assignments during the probationary period shall be determined solely by the Company, provided that the contractual rights of other employees will not be infringed.

4. During the probationary period, such employee may file and process grievances under the September 1, 1965 Basic Labor Agreement or any successor Agreement but may be laid off or discharged as exclusively determined by the Company for any reason, including failure to satisfactorily pursue or complete his prescribed study program, provided, however, that after the first 260 hours of actual work, such employee may utilize his service from date of hire for purpose of competing for retention of employment in the event of reduction in force.

5. Each employee hired under this Program shall be required to execute the following statement:

"I understand that I am being hired conditionally under the Special Employment Program established by ---------- Works and Local ----, USA, by their Memorandum of Agreement of ---------- which has been explained to me by --------------. I therefore agree that I will actively pursue the course of study prescribed for me by the Company and understand that I will be a probationary employee for a minimum of six (6) months from the date I am hired and that there is a possible maximum probationary period of twelve (12) months from the date I am hired. I understand that I may be discharged by the Company during the probationary period, as solely determined by the Company, and that neither the Company nor the Union may be held responsible for such discharge."

6. Whenever the Company hires an individual under this Program, it will notify the Union in writing of the name, check number, department, and date of hire of such individual.

7. The Company will maintain records which will—

   a. Identify each person employed under this Program;

   b. Specify the nature of the individual's educational program as approved by the Company at the time of hiring and the educational institution in which it will be pursued; and

   c. Specify the expected date of completion thereof.

Such records will be made available for examination by the Chairman of the Grievance Committee upon request.

8. This Memorandum will not apply to applicants who satisfy the Company's normal pre-employment educational standards.

9. This agreement may be cancelled by either party on 15 days' written notice to the other, provided, however, that no cancellation shall be effective with respect to persons already hired under the Program.

---------- WORKS, UNITED STATES STEEL CORPORATION,
By--
Superintendent of Personnel Services.
LOCAL ----, UNITED STEELWORKERS OF AMERICA,
By--
President of Local Union.

Chairman of Grievance Committee.

Secretary of Grievance Committee.

Senator CLARK. Thank you for a splendid statement. The exhibits which are attached to your prepared statement have been placed in the record and will be printed.

I want to thank you for coming before the subcommittee today.

I want to recess the subcommittee for two or three moments before we hear the next witness.

(A short recess was taken.)

Senator CLARK. The subcommittee will be in order.

Our next witnesses are a panel consisting of Dr. Arthur Templeton, director, McNamara Skill Center, Detroit, Mich.; Dr. William T. Kelly, director, J. F. Kennedy Center for Vocational Education, Philadelphia, Pa.; and Dr. Jack Michie, director, East Bay Skill Center, Oakland, Calif.

STATEMENT OF DR. ARTHUR TEMPLETON, DIRECTOR, McNAMARA SKILL CENTER, DETROIT, MICH.; DR. WILLIAM T. KELLY, DIRECTOR, JOHN F. KENNEDY CENTER FOR VOCATIONAL EDUCATION, PHILADELPHIA, PA.; AND DR. JACK MICHIE, DIRECTOR, EAST BAY SKILL CENTER, OAKLAND, CALIF.; COMPRISING A PANEL

Senator CLARK. Gentleman, would you take your seats, please, and identify yourselves for the benefit of the reporter?

Dr. TEMPLETON. I am Dr. Arthur Templeton, Detroit Board of Education.

Dr. KELLY. I am Dr. Kelly, from Philadelphia.

Dr. MICHIE. I am Dr. Michie, from Oakland, Calif.

Senator CLARK. We are happy to have you here. I will ask to have your prepared statements printed in full in the record at this point.

(The prepared statements referred to follow:)

PREPARED STATEMENT OF DR. ARTHUR TEMPLETON, DIRECTOR, MCNAMARA SKILL CENTER, DETROIT, MICH.

The Patrick V. McNamara Skills Center, operated by the Detroit Board of Education, has achieved an outstanding reputation among the people of this large industrial city. Working with the various governmental agencies concerned with manpower training, there has been established an image which has been accepted by business and industry.

Detroit's Skill Center may have been the first in the Nation. In any event, it was among the first few to begin operating some four years ago. From the beginning it has established a successful pattern of complete cooperation with the Michigan Employment Security Commission, City Government of Detroit, Michigan State Department of Education, and the Federal Government.

However, we do not wish to give the impression that all has been smooth sailing. As with any new venture, there were growing pains, complicated, in this instance, by legislation originally designed to organize and operate single occupational programs in an atmosphere far different from that now existing in the skills center.

It has been my privilege to be one of those individuals in on the ground floor of creating a "new school" to work with the Hard-core unemployed and guide him toward the goal of job-security. During the past four years, these efforts have been taxed on numerous occasions but, today, the McNamara Skills Center is the most firmly established of the many attempts by various programs to train and aid the hard-core unemployed in the City of Detroit.

The skill center concept, conceived by the cooperative efforts of labor and education, has made its mark in the history of manpower training. But like any growing organism, it is vitally necessary that it keep moving ahead, that its responsibilities be increased, its weaknesses eliminated or minimized, and that it be encouraged to expand its effectiveness in the business and industrial world.

To that end, as outlined in the preceding paragraph, we submit the following proposals for your consideration:

1. *Re-appraisal of skill center financing.*—The present financial arrangement is a heritage of the original manpower legislation of 1962, enacted to operate single occupational programs, usually in a high school shop during the evening hours. Experience has shown that—

(*a*) There should be an annual appropriation to each skill center covering the cost of administration, supervision, and operation (including custodial, maintenance and utilities);

(*b*) Each center must be assured that they will, annually, receive a minimum appropriation for a stated number of trainees. By this procedure, we may be able to retain a nucleus of experienced instructors;

(*c*) Line-item budgets are of necessity a guesstimate, often being worked out many months prior to the start of a program. The regulations, however, mandate almost strict compliance within this line-item approval and make it extremely difficult to have changes approved. We heartily recommend that line-item transfers, within the total program appropriation, be made the responsibility of the manpower director, operating under the local board of education;

(*d*) Consideration be given to making the local public school manpower department solely responsible for all purchasing of materials and equipment and all accounting of funds received and spent. Such a change would not only place the responsibility where it rightfully belongs but would simplify these operations, resulting in increased efficiency:

(*e*) Eliminate the 10% required matching of some manpower programs. Inasmuch as most skills centers are located in large cities, it seems ridiculous to ask for any kind of matching. America's large cities are literally starving for funds to operate their public schools. In theory, required matching may appear advantageous, but in practice it may be causing some boards of education to either discontinue manpower programs or to shy away from considering new programs;

(*f*) Skills centers should not be expected to operate on "shoe string" budgets. There is no justifiable reason why these training facilities for the disadvantaged should not have a physical atmosphere just as wholesome, as clean, and as conducive to learning as are the buildings provided for most other segments of America's educational system. Let us hasten to add that we in no way wish to construct or operate "plush" manpower centers.

However, considering the many handicaps which the trainee brings to the program, we cannot do otherwise than provide him or her with whatever supplies, materials, or equipment is necessary to enable the individual to hurdle the employment barrier. In addition, they are entitled to well lighted, freshly painted, and adequately ventilated classrooms and shops, as well as proper sanitary facilities;

(*g*) Provision in annual budgets for industrial or business coordinators. Experience has shown that it is one thing to bring the trainee up to a level of job readiness but quite another, and often formidable, problem for the individual to make the adjustment to the job itself. Any step, any procedure, or any requirement we place in this interim period may spell the difference as to whether or not the trainee becomes a worker.

Our finest success has come from direct contact with the employer by either the counselor or instructor. Therefore, we propose funds be provided for full time positions with the responsibility of establishing relations with employers. Such a positive approach will not only open up job opportunities but will provide a smooth transition for the trainee as he goes from the school to production. This service is a must if we are to make co-op training a significant part of manpower training.

We mention three outstanding examples to illustrate the need for these world-of-work coordinators. By use of this technique, we have jointly operated very successful programs for the Michigan Bell Telephone Company, the Detorit Board of Education Custodial Division and Ford Motor Corporation.

2. *Occupational Selections.*—Most skills centers certainly offer a wide selection of occupations as compared to the single occupational program of 1962–1964. In most instances this may be preferred, especially when the individual to be trained is classified as hard-core unemployed. However, we must not allow the manpower program to make the same mistake America's public schools have made in retaining a curriculum program long after the need has passed. Therefore, we make the following recommendations:

(*a*) A through evaluation be made of present occupational selection procedures in order to keep manpower programs abreast with current and future needs.

(*b*) Wherever unemployment figures show a large percentage of women, efforts be encouraged to develop programs for those occupations which ordinarily employ many women. The fields of health services and clerical offer limitless opportunities for the placement of the trained female.

(*c*) Increased appropriations for basic education of the hard-core unemployed. Those who have worked with these disadvantaged during the past few years are more and more subscribing to the belief that basic education may be of even greater importance to the trainee than the occupational skill.

Not that we desire to play-down the role of skill training, but the problems of the unemployed, particularly as regards his ability to retain a job, are most often of a nature which can only be dealt with in basic education. As used here, we certainly intend basic education to mean much more than learning the 3R's.

(*d*) The requirement that all manpower programs be of forty hours per week is much too rigid. This is especially true in basic education. It is just not practical to ask an adult, especially one with many handicaps, to endure an academic environment for eight hours per day. We do not subject our high school students to such a requirement. We recommend flexibility be considered in establishing the number of hours per week for certain manpower programs.

3. *General Recommendations.*—

(*a*) Increased emphasis on providing remedial health services for the trainees, including a physical exam prior to training or immediately after entering training.

(b) Keep skill centers operating at an enrollment which will prove vastly more efficient, not only in terms of most for the dollar but in educational efficiency, offering the finest opportunities for accomplishing our goal—the attainment of job security by the trainee. Indeed, one may judge the effectiveness of a skills center by the overall size of its program. The greater the number of programs, with a resulting larger enrollment, the better skills center you will have.

(*c*) When skills centers were begun in 1964, little curriculum materials were available to teach the hard-core unemployed. Since that time, much has been developed but, for one reason or another, it has not been shared among skills centers to any great extent. We most strongly urge that means be provided whereby this valuable information can be studied, and used, if desired, by all manpower programs.

(*d*) As previously stated, manpower emphasis, since 1964, has centered mostly on multi-occupational programs. Fortunately, the single occupational program is still being funded. If we are to pay more than lip service to up-grading manpower programs, there must be more single occupational programs. Such occupations as practical nurse and meat cutter have had outstanding success in placement. True, the trainees in these programs are selected by the Michigan Employment Security Commission on the basis of aptitude and education. But it is well accepted that as individuals, such as these, move into a higher skilled occupation there is created a vacancy for the man or woman coming from the skills center.

(*e*) We recommend there be no more contracts awarded to outside corporations coming into Detroit. Their feeble efforts to accomplish training in areas where the McNamara Skills Center has excelled, and at a far higher cost, can only result in damaging the image which MDTA has steadily built up during the past six years in Detroit.

(*f*) As a representative of the Detroit Board of Education and as a citizen of the State of Michigan, I cannot urge too strongly that Congress refund the MDTA for another three years. The benefits received through the training of the thousands of disadvantaged unemployed has repaid the monetary investment manyfold.

Prepared Statement of Dr. William T. Kelly, Director, John F. Kennedy Center for Vocational Education, the School District of Philadelphia, Philadelphia, Pa.

Mr. Chairman and subcommittee members, I appreciate this opportunity to appear before you to testify on the extension of the Manpower Development and Training Act and other proposed legislation dealing with manpower and employment problems.

My name is William T. Kelly. Currently, I am the Director of the John F. Kennedy Center for Vocational Education, operated by the Board of Education, School District of Philadelphia. I have had thirty-eight years of experience in industrial education as a teacher, vice principal, principal, and assistant director in vocational and industrial arts education. I have also been, for ten years, a part-time member of the faculty of the Vocational Education Departments of the University of Pennsylvania and Temple University. I have been responsible for the development and operation of the Manpower Training Programs of the School District of Philadelphia since December, 1963.

During my career I have had extensive industrial experience, including operation of a scientific instrument repair business, Executive Manager of the Greater Philadelphia Pontiac Dealers Association, and training consultant to numerous industrial firms.

I am a member of the following advisory committees of the Commonwealth of Pennsylvania's Department of Public Instruction: Industrial Arts Education; Research Coordinating Unit. I am also a member of the steering Committee of the Philadelphia CAMPS organization.

The Philadelphia community has long had need of work training programs that would meet the needs of unemployed and disadvantaged persons. On July 13, 1957, the General Assembly of the Commonwealth of Pennsylvania amended the Public School Code of 1949 and provided, under Section 2508.3, for the training of unemployed persons. The School District of Philadelphia has, since enactment of this law, provided training in salable skills currently needed in the Philadelphia labor market area. Unfortunately, adequate funds have never been available to fully implement the intent of the Code.

Philadelphia has large concentrations of unemployed and underemployed persons consisting of an extremely high percentage of disadvantaged Negroes.

According to the report in the January, 1968 issue of Fortune Magazine, approximately 33% of Philadelphia Negroes would fall in the sub-employment classification. These individuals, when surveyed by Daniel Yankelovitch, Inc. as to their feelings about their needs, listed the following objectives:

	Percent
1. More education for my children	97
2. More desegregation in schools, neighborhoods, jobs	93
3. A better job	87
4. Some kind of special training	77
5. Better police protection	69
6. More education for myself	62
7. Making neighborhood a better place to live	60
8. More money to spend	53
9. Moving out of the neighborhood	20

It is noteworthy that in the order of frequency, numbers 2, 3, 4 and 6 are relevant to jobs, training and education.

There is a growing awareness that the problems of the disadvantaged in urban areas involve the interaction of race, housing, jobs, education and welfare services. To effectively meet the needs of these problems in any one of the categories generally requires coping with several other needs at the same time.

The communications media to which the urban population is exposed accelerates the aspirations of all people. This is particularly true of the disadvantaged who feel that they alone are the "have nots". As a result there is extreme discontent and a militancy that could be categorized as a revolution of a rising of expectations. It is true that training for jobs is not the sole cure, but without economic jobs above those of a mere service nature, as distinguished from "make work" jobs, all else will be of little avail.

It is apparent that the unemployed and underemployed must be reached and helped by training programs that provide a visible and practical ladder which the disadvantaged can climb from jobs to careers.

A characteristic of the disadvantaged is their disillusionment with formal education as they had experienced it, and employment and advancement opportunities in the world of work. They distrust the motives of any plan. They believe that what is being proposed or offered is just another situation in which to fail.

The Center must and does provide an industrial-business environment unlike their previous school experiences. Confirmation of this were the problems encountered in the early days of MDT programs which were conducted in regular public schools.

The Center becomes the link between the ghetto and the economic, social, full-life citizenship. The facilities and staff provide in one location the sincere interest in helping individuals improve their self-image, and concern about the individual and his needs. Opportunities are provided for growth in basic computation and communication skills, constructive attitudes towards society and the world of work, and salable skills. Trainees participate in a number of activities other than those of a formal learning nature. A student association participate actively in some of the operations at the Center. Four trainees and/or graduates serve on an advisory committee to the Director. Informal social affairs, such as Christmas entertainment and dances, have been organized and have taken place. Currently an instrumental and vocal group has been organized and is rehearsing regularly.

The Center, in endeavoring to accomplish its mission of preparing as many disadvantaged and unemployed persons as *quickly* as possible for meaningful employment, has found that due to the characteristics of the hard-core population (lower levels of education attainment, social disabilities, etc.) more than narrow job training is necessary for them to get a job, hold it, and move upward.

The make-up of the Center, with its broad span of training, education, social, and supportive services, gives individuals the opportunity to acquire a broader base and the self-confidence to acquire a job leading to permanent employment or a career.

The Center serves a significantly greater proportion or non-white trainees (95 percent) than in the FY 1967 Nationwide MDTA institutional picture (41 percent). This is reflected in numerous ways. Prior employment patterns indicate that our trainees unemployment periods were of greater frequency and duration than the national average.

In a similar manner, the number of dropouts or early completions for employment reflects an orientation to the present and to immediate reward on either the part of the trainee or that of his family. This trend indicates the necessity for some means of follow-up to continue efforts to bring about the attitudinal changes that will motivate the individual to seek and participate in further developmental educational experiences.

Our experience, and that of many employers who have hired hard-core unemployed under O. J. T. contracts, is that some of the attitudes and values of these individuals are markedly different from those required by most work situations. Time, for example, is the one commodity that they have had in abundance and, therefore, could be spent freely without any serious consequence.

While skill training is of major importance at the Center, a major thrust must continually be made in the area of guiding and molding trainee attitudes toward an acceptance and compliance with a different standard of self-imposed values, and an extension of their immediate goals to one of longer range. Failure in these areas often leads to dropout.

The very conditions of economic poverty and instability under which most of our disadvantaged trainees have lived have usually seriously handicapped them. They often need medical attention for chronic disorders, and educationally and economically they are at the mercy of sharp practitioners in the market place. One of the goals at the Center is to motivate the trainees so they will acquire knowledges and understandings which will allow them to effect major changes in their lives. They already have the aspirations but lack the means to realize them. Their ambitions, once aroused, are not sated with preparation for service jobs at minimum wages.

Occupational advisory committees not only participate in the development of each course but assist in making the programs relevant to the students. The committee members usually, on a regularly scheduled basis, visit the classes and make motivational addresses, put on technical demonstrations, conduct discussion sessions, and in general establish a relationship with the students which conveys a feeling of being wanted in the world of work.

We are fortunate to have a staff of instructors recruited from industry whose sympathetic, and sometime personal involvement with the trainees is a major ingredient contributing to our successes. Regardless of any screening process used by the Bureau of Employment Security, each class possesses a wide range of individual abilities and potentials. Thus it becomes one of the instructors' vital and primary responsibilities to adjust the course content to the trainee and his immediate goal.

Our instructors teach eight hours a day and then find it necessary to spend one or two hours a day, on their own, preparing for the next day's instruction. They frequently spend many extra hours after classes helping individual trainees.

Students in need of basic education are given the *ABLE* test to determine the reading and computational level at which they function. Those who score at or below the 3rd grade level in reading are placed in a remedial reading class. The 3rd grade cut-off point is necessitated by a dearth of equipment and trained teachers to run the Educational Development Laboratories' Learning 100 Program for adult literacy training. At the recent International Reading Association convention in Boston, it was noted that this Learning 100 Program has a national reputation for effectiveness in upgrading adult reading skills.

Students who place above the 3rd but below the 9th grade level in reading and computational skills are rostered for basic education classes. One hour per day is devoted to teaching and refreshing students in basic English communication skills, and one hour is devoted to teaching and reviewing fundamental computational skills. Subject matter is taught and studied in relation to practical situations such as: filling out job application forms; computing income tax returns; evaluating interest rates; etc.

Those who score at the 9th grade level and above, but who do not have high school diplomas are given the *SCAT* test to determine whether they are ready to begin the General Education Development Program. Upon completing this course, students take a state examination in order to qualify for a high school equivalency diploma. Shop related classes are available for students who demonstrate proficiency in basic computation and communication skills and possess a high school diploma.

Our program's biggest asset is its flexibility. With careful testing we can identify each trainee's needs; and classes are maintained as small as circumstances permit to provide maximum individualized instruction. The environment at the Center enables the teacher to make most instruction relevant to the world of work.

Student growth is indicated in various ways. Within a five week period in the remedial reading program, seven students progressed from one reading level to the next. Each level represents a grade. In the General Education Development Program, seventeen students have received high school equivalency diplomas, while eighty-five others have completed, or are in, the preparatory stage leading to the qualifying examination.

A new addition at the Center is the Instructional Materials Center (or the IMC) which was opened to students and faculty in the Spring of 1968. The IMC was established and is supplied by the School District in recognition of the need for additional support of the Center's programs and the necessity for reinforcement of the learning process. At the present time most of the materials are composed of books, periodicals and audio-visual equipment and materials. The collection is related to the school's curricula and to the general interests and needs of the students.

Since the IMC has been in operation for only two months, any statements made concerning its use and effect can be only general. To date, the reaction from both students and faculty has been favorable. The IMC's facilities have beeen used by students working individually, by teachers preparing instructional materials, for individual tutoring of students by teachers, and by classes as a whole. Most of the books requested are concerned with the curricula, however there have been requests for non-curriculum materials dealing with areas such as hobbies, Negro heritage, and current events.

In realization of the need for continual reinforcement, the instructors and their supervisors organize field trips and invite speakers from industry. Typical of the firms and organizations participating in these activities are:

Action Manufacturing Company
Boeing-Vertol Corporation
Control Switch Company
Eastern Specialities Company
Frankford Arsenal
I.T.E. Circuit Breaker Company
Langston Company
Standard Pressed Steel Company
Warner & Swasey Company
Westinghouse Corporation

During the week of April 29, 1968, all of our trainees had the opportunity to visit the National American Society of Tool Manufacturing Engineers Show, as guests of the local chapter of this organization.

Mr. James F. Barnes, Vice President of Manufacturing, Schutte & Koerting Company;
Mr. Edward J. Stecker, Manager, Apprentice & Plant Training, Honeywell, Inc.;
Mr. Robert J. Morrow, Group Chief, Manufacturing & Engineering, Leeds & Northrup Company;
Mr. Edmund J. Mullen, Personnel Manager, I.T.E. Circuit Breaker Company;
Mr. Nicholas J. Giordano, Manufacturing Manager, SKF Industries;
Mr. Roger P. Davis, Executive Director, Goodwill Industries;
Mr. James C. Diamantopulos, Manager—Personnel Practices, General Electric Company;
Mr. John C. Barton, Employment Manager, Eaton, Yale & Towne Company;
Mr. Jack Killien, Superintendent of Machine Shops, Link-Belt Division, F.M.C. Corporation;
Mr. Herman Moyerman, Production Manager, Eastern Specialties Company.

The students have expressed their interest in the school by printing a monthly newspaper called "The New Day." Articles range from timely topics such as the war on poverty to fashion trends, shop news, and profiles on Center personalities. Teachers and staff members are encouraged to submit articles.

The "New Day" fosters the development of a sense of participation and school spirit by establishing a dialogue between the student body and the staff. It enhances the self concepts of the student reporters who see their work in print. High enthusiasm is evidenced when students present original thinking about how to help resolve school problems.

Beyond immediate benefits to those attending the Center, the newspaper reaches out into the community at large. Papers are taken home and read by the families and friends of the students.

School spirit was again exemplified by the tremendous response to requests for students to participate in the 1967 Christmas show. Volunteers flooded in, and in fact, many had to be turned away. Talented leaders began to emerge to help direct the program, and many are still actively involved in school projects.

The Center has attempted to spread the word of the opportunities available through institutional training. In this activity we have enjoyed the support of various community groups:

Bureau of Employment Security Outreach News Letter and almost weekly appearance on the TV show it helps sponsor, "The Opportunity Line".

Manufacturers Association write up in the Delaware Valley Announcer. See Appendix 1.

Numerous newspaper articles.

A TV Special Report, a sequential five day, five minute, prime time documentary.

However, these efforts have not been effective enough as evidenced by a portion of a letter written by Mr. Albert J. Grosser, a prominent industrial realtor, to Mr. Abe Rosen, Director of Commerce, City of Philadelphia:

"As you know, the biggest single item in short supply is skilled help, and I am at a loss to understand why the program being conducted at the Kennedy Center has received little or no publicity. I consider myself a fairly well read person, and I must confess I had not heard of, and did not know of the existence of this Center, which is operated by the School District of Philadelphia.

This Center is accomplishing two extremely important things, in that it is: 1. providing a pool of sorely needed trained and/or skilled help, and 2, it is increasing the physical and financial capabilities of a mass of unskilled people. I think you will agree with me that this latter objective is extremely important. It is my opinion that this Center is doing a larger and more practical piece of work than Dr. Sullivan's OIC, and I am at a loss to understand why, as I said initially, this operation does not get a great deal more publicity."

At the conclusion of each training program a graduation exercise is held to which the trainee can invite his family. During the exercise, awards are presented to trainees for attendance and achievement. One of these awards, the Rotary Award, is given to a student in each graduating class for good citizenship. The award endeavors to symbolize the trainee and the program in which he has participated. In giving the award, the presentor likens the trainee to the diamond, utilizing a narrative as follows:

A diamond in its natural state, looking like a pebble, is recognized only by an expert * * *. The B.E.S. Job Counselor recognizes the potential in each person he interviews, studies him and refers him for a particular type of training * * *. The instructors begin to "rough cut" this trainee * * *. Like diamonds, no two are alike. However, the skill of the instructor eventually develops the hidden talents of the trainee, like a diamond cutter who patiently works on a stone to develop a gem.

When a trainee completes his course he is still "rough cut", and it will now be his own responsibility to further his studies, work hard and conscientiously, and develop in himself the "gem" that is valuable and desired by everyone.

See sample graduation program. Appendix 2.

From 1963 to date, 3.308 trainees have graduated from our Manpower Programs, most of them at the Center. At the time of graduation, 85% were employed in occupations for which they had been trained, or in occupations directly related to their training. Graduaes frequently visit the Center and their former instructors to tell them of their new station in life. A recent report from the local Bureau of Employment Security on a follow-up study of graduates from a machine tool training program indicated that 88.7% of the graduates were working, with 83% of them working in training related jobs, and with 60% of them earning $100.00 a week, and 40% earning $125.00 or more a week. A study of dropouts from this program, who left for employment, indicated 68.9% of them still working, and 34% of them working in training related jobs.

A study of the graduates during the calendar year 1967 indicated that the 590 students placed in jobs at the entry rates compiled earnings totaling $2.324.191.00 on a yearly basis. We believe that this is a very significant contribution to the economy, and to realize its significance one should add the reduction in the welfare expenditures that would be needed to support these individuals and their families. See Appendix 3.

In Philadelphia there is general agreement concerning the need for and value of institutional training programs as part of the necessary broad attack on urban problems. Institutional training, on-the-job training, and "coupled" programs all meet varied and special individual needs.

The Manufacturers Association of Greater Philadelphia, the Chamber of Commerce, the Bureau of Employment Security, and CEP are typical of the local organizations that see the need for expanding institutional Manpower Training opportunities. See Appendices 4 and 5.

Nationally, the American Vocational Association, in convention last December, passed three resolutions supporting M.D.T.A. See Appendix 6 for statements.

Needless to say, the Board of Public Education looks upon participation in the Manpower Development and Training Program as a desirable partnership with State and Federal agencies in providing a vital service to the community. See Appendix 7.

With full awareness of the many organizations and programs that are striving to meet the needs of Philadelphia's urban problems, I must say that it is only a beginning. The majority of the problems of the disadvantaged are just being revealed. The first Philadelphia CAMPS report, which is admittedly incomplete, reveals that over 100,000 persons are in need of help now. See Appendix 8.

Therefore, based upon our experience and current information concerning the unemployed and underemployed of the greater Philadelphia area, the staff of the Center joins with me in making the following recommendations:

Extend the Manpower Development and Training Act of 1962, as amended, and provide for greatly increased funding and flexibility.

Our efforts could be fore effective if funds were available to plan and conduct more comprehensive programs and acquire the necessary equipment. We should be expanding our present program to place greater emphasis on consumer education and principles of good health. A wealth of motivational material is now being made available which could be used to reinforce and further motivate students to develop more positive attitudes toward the world of work.

Preparing teachers to work with the hard-core unemployed and underemployed is a critical necessity. New teachers need to be oriented to the special problems encountered in working with disadvantaged adults. Periodic teacher workshops in which all teachers could share their experiences would assist in sifting those techniques found most effective in working with this type of student. Such a resource is not being developed, and is potentially of great value in providing information and guidance to those who make policy.

A disturbing factor in the operation of the Center is the uncertain and intermittent funding and the resulting lack of continuity in program offerings.

Three major problems result:

1. Lack of job security for teachers and staff, with periods of unemployment; or loss of instructors who actually prefer the challenge of working with the disadvantaged and who have the ability to reach the "hard-core" trainee.
2. Reduction in the variety of training opportunities available when on-going programs cannot be re-cycled and needed new programs cannot be started.
3. Loss in operating efficiency by the reduction in space and equipment utilization.

As NAB and similar OJT projects place disadvantaged persons in jobs, the need for institutional training will be even more evident; and it will be critical in order to: provide "vestibule" training for those still to be reached; provide continuing educational opportunities for those on-the-job individuals who have career ladder visions; provide another chance for the on-the-job dropouts.

These trainees will require additional services to bring them up to a full functioning level of a contributing member of society. The following are typical of these extra and vital services:

1. Individual psychological testing, both projective and intelligence.
2. Psychological consultants—To work with teachers, counselors, and administrators.
3. Outside clinical psychologists to work with individuals as needs arise (at the training facility).

Increased funding would assist in attaining the goals of restoring human dignity by providing for the following new or expanded services:

Open ended, continuous course programming;
Medical and related health services;
Legal aid and counseling;
Home management guidance;
Consumer and money management planning;
Child care of varying types;
Tool and textbook loans;
Individual and group therapy;
Programmed instruction equipment and devices;
Improved teacher efficiency through teacher workshops;
Exchange and sharing of curricula methods, materials, etc.;

Teacher aides for remedial help;
Reinforcement follow-up after job placement;
Para-professional home visitors;
Re-cycling of trainees who drop out for illness, etc.

All MDTA trainees in institutional programs be automatically qualified for allowances.

Each MDTA institutional program be allowed to accept immediate school dropouts at the rate of at least 10% of its budgeted training numbers.

It is strongly recommended that action be taken to provide more stable funding for institutional training. The efficiency and effectiveness of any Center is greatly hampered with the on-off, peak and valley funding under the annual, any time after July 1, appropriation system.

Certain training programs can be more effective if operated on a continuous basis (and the demand for workers would substantiate such programs), thereby permitting a steady intake of trainees. These programs should be designated by the local BES organization and approved at the State level. Implementation could be made possible by the funding of training slots rather than programs.

It would be inappropriate to conclude this testimony without a few selected success reports illustrating that more than just job training occurs at the Center.

Larry, age 28, who spent half of his life in prison for a series of felonies, came to the Center after having just been released from serving a lengthy sentence.

He showed the ability and desire to learn and was quick to pick up things in theory and in practice. His attendance, cooperation, and achievement were very good, but something happened to Larry as he approached the last portion of the course. He became depressed. "No one will hire me with my record!" He complained of not being able to get along with his sister with whom he was living, financial problems, and separation from his wife. He felt hopeless and was embittered. Underlying these feelings was the fear of facing the work world, which was something he had little experience with. It began to show up in his daily resistance to training. Although he had a patient and understanding instructor, he refused to cooperate. Through the joint concern and efforts of the staff, we were able to get through to Larry and encourage him to continue. He responded with much appreciation and has been working several months in a machine shop.

Alice spent 20 years as a buyer, but left the field due to a nervous breakdown. Being divorced, she lived alone, and was in a serious automobile accident a year earlier.

Returning to school was traumatic for Alice. She constantly feared that she would not make it as a stenographer. She leaned heavily on the counselor for support, wanting to leave training many times as the work became rougher. Today Alice is successfully employed as a stenographer, and has visited to tell us of her success and appreciation.

Alex, age 39, was a steady, outstanding worker in the shop and rarely missed a day. He was appointed foreman of his class. Two weeks before graduation, Alex disappeared. The counselor could not reach him by telephone because it was out of order, so a home visit was made. The counselor spoke with his mother and she said Alex was feeling depressed but did not specify why. The counselor mentioned how well he was doing and that the Center wanted him back so that he could graduate.

Alex came down the step shaking and on the verge of tears. "I was the foreman of the shop, and now I have done it." The problem was alcohol, which Alex turned to when faced with the prospect of employment. Alex took the suggestion of the counselor that he go to a clinic for treatment, and has returned to graduate.

Ralph, age 26, was sent to the Cooking Program by BES. He has a partially paralyzed left hand and leg resulting from a spinal tap. He was considered unemployable and had been on Public Assistance most of his life. It was questionable as to whether he could perform in the kitchen due to his handicap, but he was an ambitious, willing worker. At present he is employed and his employer has expressed thanks to the Center for sending him to them. His slowness is offset by his dependability in attendance and work habits. His test marks and comprehension of recipes proved the unemployable label to be false. Prospective employers had previously adjudged his ability by his appearance and paralysis.

Delores, a woman in her thirties, was considered to have good potential for success in the course she was undertaking. She was cooperative, prompt, and an attentive student. Toward the end of the course problems seemed to arise. Delores became hostile toward students, instructors, and other school personnel.

Tardiness and absenteeism developed. She projected her fear of facing future employers upon anyone she came in contact with. She attempted to manipulate the staff of the Center to have her dismissed from training. The staff recognized her problem and encouraged her to continue. She successfully completed the course and at the present time is employed as a Medical Records Clerk-Typist at the Philadelphia General Hospital. Delores visited the Center to tell us of her success and to express her gratitude.

In recognition of our graduates, an assembly program was arranged during Vocational Guidance Week. They were invited to attend as part of a panel and discuss their present work experiences with the trainees. The trainees responded with many good questions evidencing interest and concern, and were encouraged to see that their peers were succeeding. It was obvious that their main concern was whether they would succeed on the job.

The resident Bureau of Employment Security representative regularly contacts graduates and asks for their evaluation of their experiences at the Center. Ninety-eight percent of those who have responded were employed in occupations for which they had been trained, or were in work directly related to the training. The following is a sample of their comments:

William T. F. * * *, a graduate of the Sanitation Maintenance Worker Course, stated, "It took a combination of two factors, determination and perserverance, to get me through the course. Even with these traits it would not have been possible without the teachers, instructors, aids, and administrative staff."

Sometimes the training a student receives opens the door to job opportunities he never thought possible. Such is the case of Kathryn W. L. . . . "I am now employed in what I call a dream job," writes Mrs. L. . . . "I am the coordinator for Hahnemann Hospital with my office in the Philadelphia General Hospital. I am secretary to all the physicians on service at the Philadelphia General Hospital that are working out of Hahnemann Hospital. The job is a new one for me and the hospital. My office is being equipped with the things I want such as rugs, drapes and furniture. It's most gratifying to know that just a short 40 weeks ago I was not capable of doing one of the many duties that I now perform with efficiency and confidence. Thank you again for your constant efforts to train the unskilled." There are other areas in which training proves valuable. "The training I received enabled me to qualify for the specialization that I wanted when I enlisted in the U.S. Air Force," writes former trainee William J. M. . . .

However, all trainees do not graduate. Some drop out before completing their course and later regret it.

Mr. Donald C. B. . . . was dropped. He left the training program because he was in need of immediate funds to support his wife and five children. He wrote that if he had completed the course he would have been better off, but were it not for the course at the Center he would not have been able to qualify for a Non-Teaching Assistant position with the Philadelphia Board of Education.

Richard W. . . . entered the Sanitation Maintenance Worker Program at the Center after he failed to hold any one of several jobs such as: painter's helper, laborer, and driver for a dry cleaning establishment. One of his greatest obstacles in holding a permanent job was a speech impediment. Here he gained confidence in himself and graduated with class honors. Richard is now self-employed in the contract cleaning business and, financially, is doing quite well.

Kenneth S. . . . had moved from job to job for most of his adult life. He was never able to get one that offered some semblance of security. After graduating, he was placed as a custodial attendant at the Frankford Arsenal which also entitled him to employees' benefits. When he last contacted us he indicated that this was what he had always wanted.

Many trainees have evidenced a sincere interest in the hearings of this Committee and expressed the desire to inform the Committee of their personal feelings about the opportunities that the Manpower Development and Training Act made available to them. Since the program was designed mainly for their benefit, I believe that we would be remiss if we did not include a sampling of their comments and then permit two of them to speak for themselves.

Mr. Tommy D. . . . writes:

The Center has afforded me and many others the much-needed chance to improve ourselves for the kind of work we like. I am speaking of the Machine Shop. The Turret Lathe section is my assignment. Personally, I have learned things about Machine Tool work that I didn't dream existed. When I complete my course, I fully believe that I, like others who have graduated before me, will find a very good-paying job. I hope the Center will be open for many other people for a long time. Thank you.

The students of the Engine Lathe section write:

Gentlemen of the Senate subcommittee, we, the students of the Engine Lathe section at the Center, wish to express our feelings concerning the future of the Manpower Program. The Center has given us much. For those of us who once lacked a mechanical background, this school has proven to be both educational and motivating. We feel that we have successfully achieved our goal as far as understanding what type of future we may expect at the completion of our course. But there will be little future for us and for those who follow if the doors to a better life are partially closed. This would mean that once again we would have to go from job to job making very little money.

At the Kennedy Center our teachers have brought out capabilities in us that we had no idea existed. After finding these out, we know what we can both give to and obtain from life. We know that we can be an asset to our neighborhood and eventually one day to our country. But how can we realize these goals if you stop the John F. Kennedy Center from helping all of us so that we may help others. Gentlemen, we have just begun to learn and we would rather be here learning a trade than in an unemployment office signing for our checks. But many future students will be doing just that if you reduce the funds for the program.

As many of you know, we are not earning sufficient money at the Center to adequately raise a family, and the school day is long. But with the knowledge of the jobs which we will be able to secure in the future, we feel that the present sacrifices will be well worth it. Through the Center we feel that there will be a place in society for us in the future.

We know that the facilities at the Center are not always the best or the most up-to-date, but those who follow us will have even less or nothing at all if enough funds are not provided. However, our instructors have given us much through their time and never-ending efforts. They have even taught us to repair some of the machines ourselves. We could have never done this alone. They have provided us with the knowledge necessary to secure good jobs. At the completion of our course, we know that we won't be on the top, but at least we won't have to begin at the bottom again.

There is so much to learn which will never be found on the streets or at home watching our children so that our wives can work for the money that we should be earning. We will not have this opportunity to better ourselves without your consideration and understanding of our situation. We could write for weeks about the Center, but the lack of space and time prevents this. Therefore, gentlemen, we are asking our Director, Dr. Kelly, to ask you to help us to help ourselves.

I am sure that you would be interested in a tribute written to one of our instructors by an ex-heavyweight fighter who had had bitter feeling toward the white race. The instructor was able to establish a rapport that fostered mutual respect and improved understanding.

To My Friend, Mr. E. R.:

The reason I believe in you,
Is because I think you're true.
And there is nothing I wouldn't do
For you, my friend, for you.
I think that you are very kind
And want you for a friend of mine,
Then together we can do;
All the things that men ought to.
We can work, socialize and play,
Throughout the year, night and day,
And make our life happy and gay
In the Godly, manly way.
There are many reasons why I like you,
And all the little things you do,
The way you act and treat me,
Makes me feel intellectually free.
Honestly I believe in your kind,
And need you for a friend of mine.
And whatever I say or do,
Will prove that I am a friend to you.

Bro. L. . . . D. . . .

And now may I introduce Mr. Miller Brown and Mr. Samuel Leecan who will be honored if you will also permit them to testify.

STATEMENT OF MILLER BROWN III, TRAINEE, JOHN F. KENNEDY CENTER FOR VOCATIONAL EDUCATION, PHILADELPHIA, PA.

My name is Miller Brown, III. My address is 412 N. Robinson Street, Philadelphia, Pa. 19151. I have attended the John F. Kennedy Center for seven months. Months ago I was unemployed and without a future. Today I have a future. The John F. Kennedy Center can take credit for that.

There are millions of people like me who haven't been reached by a program like the one at the Kennedy Center because the Kennedy program isn't big enough to help them.

Many people in the ghettos aren't aware of the opportunities that are opening up for them. When they are aware of the opportunities, they still can't get the job because they lack the training.

The time a student spends in training, in some cases, should be shortened so that more people could get the advantage of this valuable training.

Often students drop out of school for lack of funds. Some students just can't get through on the amount of money they are getting. Others find it difficult to make it when there is a holdup in their checks, and still others can't even make it through the first few weeks until the checks start to come.

Even though there are problems in the M.D.T. program, the real tragedy is that the program doesn't reach enough people.

STATEMENT OF SAMUEL B. LEECAN, TRAINEE, JOHN F. KENNEDY CENTER FOR VOCATIONAL EDUCATION, PHILDELPHIA, PA.

Mr. Chairman and subcommittee members, please let me take this time to thank you for the opportunity to appear and present testimony on the John F. Kennedy Center for Vocational Education and what the program means to me.

My name is Samuel B. Leecan. My address is Ambassador Apartments, 21st & Venango Streets, Philadelphia, Pa. 19140. For the last ten years of my life I was lost in this world with no skill or trade, not knowing from day to day if I were going backward or forward. After completing my service obligation of five years, six months, and twenty-nine days, I was lost. I worked as a laborer on meaningless, flexible jobs until one day the Bureau of Employment Security called me into their office and spoke of the Kennedy program. To me this was the chance I had been looking for. After being tested on the machine tool program where several courses were open at the time, I chose the turret lathe course. The program began with twelve weeks of basic math, blueprint reading, small tools and fixtures, and safety education. After seven weeks, we were allowed to go to the shop periodically for visits. Upon completion of basics, we went into the shop phase. Our morning program from 8:30 a.m. to 9:30 a.m. was shop theory class where we discussed any problems encountered the previous day. This period was also set aside to give individuals a practice forum to sell themselves. Out of the forty students who started, about two-thirds are still in the course. The dropouts were caused mainly through lack of funds.

The standards in the turret lathe section are particularly high because of good instruction. I'll be ready for the job when it comes.

Kennedy Center is not only a vocational school, but also a community where the trainees and faculty have a close-knit relationship. This is due mainly to a student advisory board to Dr. Kelly, and a fine student council. The graduations are always something special. It's heartwarming to see the head of a family bring his wife and children to the ceremony where he receives a certificate—a certificate that means a passport to security.

Even though I haven't completed the course yet, I have had at least two offers of employment from established firms.

Without the Kennedy program I would be nothing today. I've left a lot of people behind me in the ghetto, people who are still nothing and have nothing today because the Kennedy program isn't big enough yet to take them.

APPENDIX 1.

[From Delaware Valley Announcer]

DEVELOPING INDUSTRY'S HUMAN RESOURCES

At every level of management and labor, competent people are the key factors in progress and prosperity. The Manufacturers Association of Greater Philadelphia sees education as an essential means of developing human resources.)

Industry's most valuable assets are not the products of technology—the intricate circuitry of an electronic brain, sophisticated new machinery, rare metals or exotic alloys—but the people who conceive and produce such things in the first place. Competent people, whether behind a desk or at a drill press, are the key factors in progress and prosperity. But, in relation to the ever-growing demand, they have never been in shorter supply. Developing these human resources is a major goal of the Manufacturers Association of Greater Philadelphia.

MAGP has long been aware that both management and labor mutually depend on competence. In fact, better than 60 years ago, in 1903, when MAGP was founded, one of the new association's first acts was to provide an employment service. Its aim: "to assist members in recruiting employees, to develop and maintain records of skills and personal attributes of craftsmen . . ."

Originally, these "craftsmen" were engaged in various areas of the metalworking industry. MAGP itself, with a modest initial membership of only 22 companies was basically metalworking-oriented; the group's official title, until as late as 1961, was "The Metal Manufacturers' Association of Philadelphia."

Nevertheless, the idea of well-skilled employees was—and is—applicable to all industry. MAGP can rightfully be proud of pioneering such advanced thinking in the Philadelphia area. To quote an early MAGP policy statement: "The Association's Employment Bureau acts for the mutual benefit of the applicant and the prospective employer and endeavors to secure agreeable work for the applicant *without discrimination as to religious belief, color, or nationality* . . ." This statement was not written in the context of today's civil rights movement, but more than four decades ago—in 1923!

While this concept remains as valid now as it was then, MAGP's means of implementing it has changed and broadened, just as its own membership patterns have changed. Today, MAGP membership is nearly 250 Delaware Valley firms, large and small, not only in metalworking, but in a wide scope of industries. MAGP is affiliated with the American Association of Industrial Management, a national group, headquartered in Jenkintown, Pa.

MAGP's current roster of officials includes: President, John C. Koch, President of Conoflow Corporation; 1st Vice President, Russell C. Ball, Jr., President of Philadelphia Gear Corporation; 2nd Vice President, Paetrus F. Banmiller, General Manager, Eastern Plants of The Budd Company; Treasurer, Alexander McBeath, Vice President and Treasurer of American Meter Company, Division of Amercon Corporation.

MAGP's directors include: Harry L. Buck, President of I-T-E Circuit Breaker Company; G. Lupton Broomell, Senior VP-manufacturing of Leeds and Northrup; D. Robert Yarnall, President of Yarway Corporation; Hugh C. Land, VP and General Manager, Domestic Equipment Operations of Pennsalt Chemicals Corporation; Fred W. Stakelbeck, President of Philadelphia Rust Proof Company; Fred E. Weldon, President, ITT Environment Products Division; Walton M. Henry, President, Soabar Company; John F. Rittenhouse, President, C & D Batteries Division of ELTRA Corp.; James A. Graham, VP of Standard Pressed Steel Co.

Two recent Past Presidents and outstanding leaders of MAGP are: Robert B. Seidel (1965–66), President, Automatic Timing and Controls, Inc., Edwin R. Broden (1963–64), President and Chairman of the Board, SKF Industries, Inc.

"Our membership is a lot more diversified than it was back in 1903," says MAGP Executive Director Walter R. Chapel. "But we all pretty much agree on the general direction to follow if we hope to develop our human resources to maximum potential.

"The key idea is education," Chapel continues. "For the men in the front office and for the men in the plant. This is an age of technology. 'Know-how' has to include 'know-more'."

MAGP has a long history of close cooperation with the area's educational institutions. It has been represented on The Philadelphia Advisory Council for

Vocational and Technical Education to The Board of Education since that council was established in 1940.

Thanks to the cooperation of MAGP members, and the pioneering efforts of men like Stanley J. Myers, VP-Manufacturing of Yarway, who was Chairman of the Employment and Training Committee 1964, 65 and 66, education is becoming one of the Association's major interests. MAGP is a prime mover behind more and more programs for management education and training. Along the lines of educating plant personnel, an outstanding example is provided by MAGP's work with the new John F. Kennedy Center for Vocational Training.

Occupying the former Marine Corps Depot on Schuylkill Avenue, in South Philadelphia, the Kennedy Center may prove to be the prototype of similar training centers throughout the nation. Led by Dr. William T. Kelly, director of vocational training, the Center's philosophy is that the problem of reducing unemployment is not how to create jobs but how to prepare people for jobs which are going unfilled.

As part of Philadelphia's public school system, the Kennedy Center offers free programs in such areas of critical shortage as automotive repair, textile machine operation, sheet metal, food preparation and service, and sanitation maintenance. The Center is barely three years old, and its courses are constantly updated and re-geared to meet the changing labor situation.

The Center's most active and extensive program is its series of training courses in the machine tool trades, recommended by MAGP to the Board of Education in 1964. Started in September, 1966, the program includes not only training in specific skills—the operation of grinders, drill presses, engine and turret lathes, milling machines, automatic screw machines—but in blueprint reading, shop mathematics, layout, basic machine functions, shop practice, and precision measurement.

As a part in what they consider a vital community effort, MAGP members, in coordination with the Philadelphia School District and the Pennsylvania State Employment Service, have dedicated time, thought, and energy in planning even the smallest detail of these curricula. MAGP area surveys analyzed the employment needs, and courses are designed to march these needs as precisely as possible. Every successful graduate of the machine tool courses can be pretty well sure of a good job awaiting him in some Delaware Valley firm.

"We pinpoint our skill requirements," says Chapel, "the Employment Service directs potential employees to the Center, where they follow custom-designed courses—and area firms hire the graduates. It's a productive cycle where everybody wins."

A machine operator can't be hired until he's thoroughly hireable—but to make a man employable demands more than classroom theory. Practical work on actual machines is essential. Here, too, MAGP has played a vital role. Before the program could get off the ground, Edward J. Stecker, of Honeywell, present Chairman of MAGP's Employment and Training Committee, who, along with Robert Morrow, Vice-Chairman, a Leeds & Northrup manufacturing engineer, scoured the country in search of equipment.

The result was worth the effort: about $1.5 million worth of equipment on loan from the Government Stockpile Depots—over 100 machine tools. The Program is funded in the amount of $1.3 million alloted by the Manpower Development Training Act to help pay the Center's operating expenses.

Today, Kennedy Center boasts machine shop training facilities probably unrivalled by any similar institution in the country. This program is designed to produce over 600 trained people by late 1968.

But, if MAGP has put in a lot of hard work, the students at Kennedy Center do their share of hard work. The courses are tough; the day is a rigorous eight hours long, five days a week; and complete training takes from six to nine months. But, thanks to Kennedy Center's effective motivation, there are students (still far from enough) who finish the course with flying colors, all with jobs waiting for them. Essential jobs that might otherwise have gone unfilled.

"The students aren't dropouts," Stecker explains. "They range in age from 18 to 52. Most of them are 28 to 30 years old. Some of them are married and have families. They are men who finished high school but never learned a trade—men who are getting a second chance for solid employment that they never thought they'd have."

And area industry is getting a chance to gain some solid employees.

Employee relations oriented, MAGP provides management of member firms with many important services and information.

It sponsors round table meetings and seminars; functions as a clearing house for industrial relations information; conducts annual area surveys on wage and salary rates, employee benefits, policies and practices, and a variety of management problems.

But these valuable services do not overshadow MAGP's long-term goal of developing industry's human resources. The John F. Kennedy Center is one of the places where that development starts.

APPENDIX 2

THE SCHOOL DISTRICT OF PHILADELPHIA BOARD OF EDUCATION

Richardson Dilworth, Esq., *President*

Dr. Mark R. Shedd, *Superintendent of Schools*

JOHN F. KENNEDY CENTER FOR VOCATIONAL EDUCATION, MANPOWER DEVELOPMENT AND TRAINING PROGRAM, GRADUATION EXERCISES, THURSDAY MORNING, APRIL 4, 1968, 10 O'CLOCK

STAFF

Dr. William T. Kelly, Director

Managing Instructors:
- Benjamin Liss
- Edward M. Reilly

Assistant Managing Instructor: J. William Henry, Jr.

Shop Foreman: Raymond Grant

Instructors:
- William Ackerman
- Edward Blum
- Emedio Di Giovanni
- John Glowienka
- William Good
- Lewis Hawk
- Stanley Hoffman
- Harold Hyde
- Eugene Jackson
- James O'Donnell
- John Proetto
- Edward Roche
- Leslie Seagrave
- Karl Smith
- Victor Tumasz
- James Woodside

School Counselors:
- Samuel Miller
- Alice Hayes
- Donald Silverman

Bureau of Employment Security Counselors:
- John Parks
- George Bethel

Field Representative—Pennsylvania Department of Public Instruction: Frank Huss

Our unoffiical staff consists of men and women who give unstintingly of their time and wisdom as members of the various Advisory Committees . . . we thank them for their cooperation and guidance.

PROGRAM

Pledge Allegiance to the Flag
Introductions and Welcome: J. William Henry, Jr.
Congratulations to the Graduates: Dr. William T. Kelly
Keynote Speaker: Richard S. Schweiker, *United States Representative*
Presentation of Awards:
  Attendance
  Special
  Rotary
  Director's
Remarks: Class Representatives
Remarks: Instructors
Presentation of Diplomas: Edward M. Reilly
From July 1967 to the present date—The number of graduates totals 488
From the year 1963 to the present date—The number of graduates totals 3,308

THE GRADUATING CLASSES

Turret Lathe

Tyrone Brand
Earl Perry
Leward Steverson
Morris Terry

Screw Machine

Leonard Fitzgerald
Arnold Williams

Grinders

Leroy Carter
Davis Darby
Ronnie Gordy
Ronald Holloman
Craig Lewis
Norman Lewis
John McMullen
Leonard Savior
Robert Wynn

Drill Press

Anthony Alessi
Ronald F. Baynes
Clarence F. Buford
Donald L. Daise
Raymond Green
Thomas A. Lawry
Joseph Saunders
William Wansley
James H. Ward

Engine Lathe

Ronald Aycox
William Carver
John Conner
James D'Amore
Rufus Flint
Woodrow Gossett
Edward Kalczewskie
Oliver Pointer
Osborne Reese
Victor Yip

Milling Machine

Reginald L. Blount
Tyrone T. Dancy
Howard C. Hackenburg
William O. Jarmon
James A. Martin
Robert C. Merriweather
Ira Mitchell

APPENDIX 3

JOHN F. KENNEDY CENTER FOR VOCATIONAL EDUCATION

Trainees Placed in Jobs, Jan. 1, 1967, Through Dec. 31, 1967

	Wage rate	Number of students	Amount
Auto body repair	$1.75 per hour	36	$126,000
Auto mechanic	$1.88 per hour	31	116,560
Auto service station mechanic	$67.50 per week	21	30,375
Cook	$1.67 per hour	9	30,006
Cook apprentice	$2 per hour	20	80,000
Detailer	$120 per week	13	78,000
Draftsman	$120 per week	12	72,000
Engineering assistant	$1.80 per hour	35	126,000
Flame cutter	$1.87 per hour	40	149,600
Lens polisher	$2.25 per hour	8	36,000
Machine operator, general	$2 per hour	15	60,000
Manager, department (retail)	$105 per week	12	63,000
Medical records, clerk-typist	$68 per week	39	132,600
Pastry	$2.25 per hour	10	45,000
Salesperson, auto parts	$2.15 per hour	23	98,900
Sanitation maintenance worker	$1.91 per hour	55	210,100
Sheet metal worker	$2.25 per hour	11	49,500
Slipcover seamstress	$1.65 per hour	33	108,900
Stenographer (new skill)	$77.50 per week	30	116,250
Welder, inert gas	$1.93 per hour	28	108,080
Drill press operator	$2.28 per hour	17	77,520
Engine lathe operator	$2.40 per hour	17	81,600
Grinding machine operator	$2.51 per hour	10	50,200
Milling machine operator	$2.28 per hour	20	91,200
Screw machine operator	$2.25 per hour	18	81,000
Turret lathe operator	$2.05 per hour	13	53,300
Waiter/waitress	$75 per week	14	52,500
Total		590	2,324,191

APPENDIX 4

MANUFACTURERS ASSOCIATION OF GREATER PHILADELPHIA,
Bala-Cynwyd, Pa., May 9, 1968.

Memorandum to: Senate Subcommittee on Manpower Training Program.
From: Education & Training Committee of Manufacturers Association of Greater Philadelphia (MAGP) affiliated with American Association of Industrial Management.

STATEMENT SUPPORTING INSTITUTIONAL TRAINING PROGRAMS AT THE KENNEDY CENTER FOR VOCATIONAL EDUCATION, PHILADELPHIA, PA.

We completely support the statements of Dr. Seymour L. Wolfbein, Dean, School of Business Administration, Temple University, in the introduction of his recently published paper "The Emerging Labor Force, A Strategy For The Seventies," quoted as follows:

> "There is no viable manpower policy or program without the active engagement of the *private sector*. The last few years have testified to this proposition, because policy and program have been successful in significant
> "Along with the inputs I've been requesting from the business community, established."
>
> "The private sector has a surpassingly important stake in the success of manpower policy and programs—from a social, economic, political point of view."

We also completely support the following statement of Dr. Herbert E. Striner, Director of Program Development, W. E. Upjohn Institute for Employment Research, from this same paper, quoted as follows:

> "Along with the inputs I've been requesting from the business community, I do believe our new vocational education programs should move more rapidly in the direction of institutional and on-the-job training. This means that businessmen will have to push more effectively and understand more clearly than they have in the past how to couple their own on-the-job training programs with local institutional programs."

MAGP SUPPORT OF THE KENNEDY CENTER—PHILADELPHIA

In 1961, our Association became increasingly concerned with the rapidly growing shortage of people who could set up and operate vitally needed machine tools used by a vast majority of metal-working manufacturers in the Greater Philadelphia area.

An Education and Training Committee was appointed by the MAGP President to explore by surveys both the need and possible action programs to train such people. After considering all possible approaches, it was decided to offer our help and ideas to the School District of Philadelphia, Vocational Education Section. We offered our group as a partner with the School people and the State Employment Service. The response of all parties was enthusiastic.

In 1964, our Committee prepared and submitted a recommendation for a Machine Tool Training Program at the Kennedy Center, including layout, tools, and curriculum.

After a series of many meetings, a spirit of complete cooperation developed. This was *not* any particular group's program; rather it was a *partnership* effort to do what should be done.

All agreed that people should be trained to operate specific tools—drill press, milling machine, turret lathe, engine lathe, screw machine, and grinding.

With MDTA Funds, the program started in September 1966 and to date every graduate has been employed immediately. In fact, we have had to restrain employers from hiring men before they completed their training.

EVALUATION TO DATE

This institutional type of training—like any other venture involving people—can be very successful *if* industry donates the talents to be *deeply dedicated and involved*—competent men in Personnel and other men who *know* machine tools and skill needs for both now and the future.

The Kennedy Center and the Philadelphia School District are most fortunate to have a highly dedicated and competent man as Director—namely, Dr. William T. Kelly. He and his staff at the Center and the Pennsylvania State Employment Service are doing a commendable job to make the program produce the desired results—a productive person who is employable.

Industry *must* let the schools know what *current* and *future* needs are, and the school *must* be willing to discard obsolete curriculum and equipment. Jobs must be waiting for those trained for specific needs.

As an industry group, we are dedicated to *continued* involvement in the future. This is not a "one-shot" crash program. We intend to pursue other institutional programs to train people in other skills needed by area manufacturers.

There have been many problems. Some of these could be eliminated, such as delay and red tape involved in the approval or disapproval of proposed budgets and need requirements by streamlining both the forms and procedures involving the State Employment Service Department of Public Instruction and the U.S. Department of Labor. We realize that some improvements have already been made but urge that this be explored further to cut down on delay time. We also feel strongly that this partnership approach and close evaluation will not only produce an effective training program but also will utilize to the fullest possible extent the tax dollar being spent for this purpose. But all of us involved have tried hard not to be discouraged, never losing sight of the main target. With this special kind of spirit and cooperation, we can't lose.

Respectfully submitted by,

WALTER R. CHAPEL,
Executive Director-MAGP.

MAGP Education & Training Committee:

James F. Barnes, Chairman, Vice President-Manufacturing, Schutte and Koetring Company
Edward J. Stecker, Mgr. Apprentice & Plant Training Program, Industrial Relations Staff, Honeywell, Inc., Philadelphia Division
Robert J. Morrow, Group Chief, Manufacturing Engineering, Leeds & Northrup Company
Edmund J. Mullen, Personnel Manager, I-T-E Circuit Breaker Company
Nicholas J. Giordano, Manufacturing Manager, SKF Industries, Inc., Frankford Plant
Harman R. Moyerman, Production Manager, Eastern Specialty Company
Jack Killien, Supt. Machine Shops, Link-Belt Division, FMC Corporation

John C. Barton, Employment Manager, Eaton Yale & Towne, Inc.
Charles Donahue, Assistant Superintendent, Philadelphia Gear Corporation
Roger P. Davis, Executive Director, Goodwill Industries of Philadelphia
James C. Diamantopulos, Manager-Personnel Practices, General Electric Company

APPENDIX 5

GREATER PHILADELPHIA CHAMBER OF COMMERCE,
May 9, 1968.

Hon. JOSEPH C. CLARK,
Chairman, U.S. Senate Subcommittee on Employment, Manpower, and Poverty, Senate Office Building, Washington, D.C.

DEAR SENATOR CLARK: As one of, if not the first, business organization in the country to testify before your Subcommittee in 1959 in favor of a Federal manpower training and development program, this Chamber would like to declare the success in this tri-state region of that program.

As we reach deeper into the manpower "barrel" to meet the requirements of our expanding economy, those of us intimately connected with the problem recognize the need for both institutional and on-the-job training of the unemployed, particularly those with limited education and work experience. The demands of entry jobs in manufacturing, office fields and the service industries require extensive "vestibule" training for both remedial education and preliminary job skills before the untrained can start training on the job.

Therefore, in the Public Hearing which your Subcommittee is currently holding, we should like to go on record on behalf of the business community of this tri-state, eleven-county region as urging the Congress to continue to support the Federal Manpower Program which first saw the light of day in your Subcommittee of the Senate and as emphasizing that both institutional and on-the-job training are essential to the solution of our pressing national manpower and urban problems.

Respectfully yours,

MYLES STANDISH,
Vice President and General Manager.

APPENDIX 6

AVA POLICY RESOLUTIONS—ADOPTED BY THE HOUSE OF DELEGATES, DECEMBER 8, 1967, CLEVELAND, OHIO

12. EXTENSION OF MDTA

Whereas the Manpower Development and Training Act has provided more than one million training opportunities for unemployed persons; and

Whereas the 50 states and four territories have provided occupational training through State agreements with the Department of Health, Education, and Welfare; and

Whereas more than one-half the enrollees in manpower training have been high school dropouts who have been offered a new opportunity through occupational training;

Whereas 77 percent of those who received institutional training have been placed in jobs; and

Whereas the major thrust of the Manpower Development and Training Program is to provide opportunity to the severely disadvantaged; and

Whereas the provisions of the Act do not go beyond Fiscal Year 1969: Therefore, be it

Resolved, That the American Vocational Association call on the Second Session of the 90th Congress to support legislation that will extend the provisions of the Manpower Development and Training Act.

13. TRANSFER OF MDTA APPROPRIATIONS

Whereas the success of institutional training under the Manpower Development and Training Act has proven that the established federal, state, and local relationship of vocational-technical educators can effectively meet the challenge of providing occupational training and retraining to out-of-school youth and adults; and

Whereas at present, the appropriations for training under the Manpower Development and Training Act are made to the Department of Labor; and

Whereas the leadership for this occupational training must come from the U.S. Office of Education to effectively work within the established federal, state, and local administrative framework: Therefore, be it

Resolved, That the American Vocational Association call on the Congress to amend the Manpower Development and Training Act to provide for the appropriation of funds for institutional training to the Department of Education and Career Development, or until such time as this Department is created, to the Department of Health, Education, and Welfare; and be it further

Resolved, That funds be appropriated in the same manner for conducting experimental and demonstration programs for the underemployed and unemployed.

14. FUNDS FOR MDTA

Whereas the Manpower Development and Training Act in Section 251 provides for experimental and demonstration programs of training and education for persons in correctional institutions who are in need thereof in order to obtain employment upon release; and

Whereas such programs can reveal methods and approaches for dealing with the problems of the severely disadvantaged; and

Whereas said individuals have already departed the regular school system; and

Whereas such programs hold great promise for completely rehabilitating many who receive education and training: Therefore, be it

Resolved, That the American Vocational Association urge the Congress to appropriate funds to implement Section 251 of the Manpower Development and Training Act, as amended.

APPENDIX 7

THE SCHOOL DISTRICT OF PHILADELPHIA,
BOARD OF EDUCATION,
May 9, 1968.

Hon. JOSEPH S. CLARK,
Chairman, Subcommittee on Employment, Manpower and Poverty, Senate Office Building, Washington, D.C.

DEAR SENATOR CLARK: The Board of Education for the Philadelphia community wishes to commend the members of the Committee for the work which they are currently undertaking. The School District of Philadelphia expresses pride and satisfaction in being a partner in this total national effort which you are now seeking to broaden and strengthen.

The progress made during the last few years toward eradicating poverty is noteworthy. However, it is only the first step in what must be a prolonged and continuing effort to remedy decades of indifference to which we all have contributed. We cannot allow our legacy to future generations to be a national life picture underwritten with conflict and despair.

We share the strong conviction of most of the leaders in our large cities that a lasting solution to the poverty caused by unemployment and underemployment can be effected only through close and continued cooperation between our Federal government, our several state governments, and all local bodies capable of making a constribution to the total effort.

Sincerely your,

MARK R. SHEDD, *Superintendent.*

APPENDIX 8

FROM PHILADELPHIA CAMPS SUMMARY

EVALUATION AND RECOMMENDATIONS

We enumerated the resources available to the labor market and came up with the following shortages in the following fields:

Needing Work Orientation	14, 203
AFDC Persons Needing Training	655
Needing Basic Education	15, 585
Needing Counseling	33, 885
Prisoners Being Released—Emply. Ser.	882
General Unemployed—Employment Services	15, 035
Training for Disadvantaged	26, 036
Total	106, 281

Thus services for over 106,000 people in the Philadelphia Metropolitan area are not available on the basis of existing resources.

Our needs can only be met through additional funding principally in the following categories:

Work Orientation
Basic Education
Skills Training
Counseling
Special Training for the Disadvantaged

Trained personnel are need in almost every capacity in every agency, but especially:

Counselors
Counselors Aides
Teachers
Teachers Aides
Community Workers

We recommend training among the disadvantaged to fill the positions of Counselor's Aide, Teacher's Aide, and Community Workers, as they have the empathy and the knowledge of being disadvantaged and can more easily identify in guiding their counterparts into employment stability.

A preliminary analysis of manpower problems in the Philadelphia CAMPS areas discloses that the present unemployed disadvantaged youth and adults do not have either the basic knowledge or the skills required to acquire or hold currently available jobs.

The gap between these unskilled and untrained people and the available jobs is widening each year.

A very realistic approach to this problem must be made at all levels of manpower services.

This CAMPS report suggests the following as a beginning:

(1) Re-structure the School District Extension programs to include substantially more courses in *basic education* in an environment compatible to the participants (out-of-school locations—business oriented instructors—sympathetic to underemployed and impoverished people).

(2) Expand the use of *work samples* and other *non-verbal* tests for the hard core where applicable to evaluate work oriented aptitudes. Use these both at the employment service level and the on-the-job training level.

(3) Expand institutional skill training facilities by utilizing already established institutions capable of training disadvantaged persons in demand skills with particular emphasis on open-end training.

(4) Expand on the Private Sector programs for on-the-job training programs which by-pass normal selection requirements and concentrate on job orientation, work experience, Big Brother coaching, and other supportive services.

(5) Coordinate the basic employment services, i.e., intake interviewing, counseling, job development, and placement, to eliminate duplication of effort and economy in funding.

PREPARED STATEMENT OF DR. JACK MICHIE, DIRECTOR, EAST BAY SKILL CENTER, OAKLAND, CALIF.

In reviewing the various legislative proposals which were sent to me by Senator Clark, it appears that there is adequate awareness as to the need for manpower training. Further, it is obvious from the Bills under consideration that some thought has been given to broadening the scope of manpower training to include many avenues of approach, which should more adequately meet the needs of unemployed poor people.

As a vocational educator, and having had considerable experience in operating one of the largest manpower training programs in the country, I feel that I am in a position to speak with some authority on the subject of Skills Center operation and how this type of operation fits into the entire manpower training program.

By way of background information, the East Bay Skills Center is located in Oakland, California, and is the principal training facility for MDTA programs in the Bay Area. Our enrollment has been as high as 1500 trainees with a current enrollment of about 1100 trainees. Attached is a breakdown of the characteristics of trainees currently enrolled, together with a list of the courses in progress. It can be seen that this is by no means a small operation, and from all outward appearances a very effective and successful operation. I did not come here, however, to praise the East Bay Skills Center. Rather, I will attempt to illustrate problems connected with the operation, and make recommendations as to how these problems might be corrected. In so doing, I will attempt to answer a number of questions which were asked in a document "Prepared for the Tenth Subcommittee on Training of the National Manpower Advisory Committee"—April 26, 1968.

1. What should be the role of the Skill Center *vis a vis* the institutional program and other Manpower training activities such as CEPS, JOBS, and WIN?

As was a previously outlined in other testimony, Skill Centers are a very special kind of institution, and they serve a very special need. I like to think of a Skill Center as a "buffer zone" between unemployment and employment, or one form or another of on-the-job training.

The greatest single factor related to job tenure is that of *attitude*. The Skill Center provides fertile ground for attitude development. Some have referred to this as "teaching Cats to play the game." At best, a Skill Center operation can provide only the basic entry level skills in terms of training, particularly in the case of the hardcore ghetto population. All too frequently, this aspect of training becomes a "mellow snap" and the trainee sees the program as a source of "bread" for however long he can "play the game." The vital role of the Skill Center is to help trainees develop an attitude which will be manifest in a desire to get and keep a job, and maintain a continuing effort toward self-improvement. Only through development of such attitudes can any job training program succeed.

Within the Skill Center setting, allowance can be made for trainee mistakes and trainees can taste success which will breed more success. Further, the scope of a Skill Center operation could allow for trainees to sample occupations and choose more wisely the type of occupation for which they will prepare. *Current structure does not allow for this.*

Currently, trainees are referred to the East Bay Skill Center by the California State Employment Service. They are scheduled into a specific occupation, and experience has shown that these are frequently poor choices on the part of the trainee. The poor choice often results from a complete lack of knowledge about the occupational requirements. This results in delays in getting programs into full swing, and dissatisfaction among trainees and teachers.

Specifically, the Skill Center should provide an avenue or first step toward on-the-job programs. In particular, the Skill Center should provide whatever remedial skills are required for entry into the world of work. Skill Center programs should be a first step with a closely coupled relationship to on-the-job training programs in specific skills.

In summary, a Skill Center program should function in three major areas:

a. Basic remedial education including English for the foreign born.
b. Occupational survey and job orientation to include attitude development, grooming, and general instruction on how to get and hold a job.
c. Basic skill training leading to more comprehensive on-the-job training.

2. Should financial support on an annual basis be committed to Skill Centers?

I will attempt to point out the major roadblocks in the Skill Center operation.

I call your attention to a series of news reprints which I have distributed to members of this committee. These reprints serve to illustrate the basic problem which faces every Skill Center, and that is *INSECURITY*. Teachers are insecure because of the uncertainty of funding and not knowing whether or not they will have a job from month to month. For example, at the East Bay Skills Center, we did not receive our FY 68 funding until February 1968 when we should have had it in July 1967. When we did get the go ahead, our budget was cut arbitrarily on a group of projects, and this created additional uncertainty. As director of the East Bay Skills Center, I find the insecurity among staff and trainees to be the genesis of most major crises. These crises are manifest in walkout protest marches by staff members and various groups of trainees. Even more critical, threats of violence are made as a result of situations over which we have no control. The insecurity of which I speak has its roots in these basic factors:

1. The Skills Center operator on a project by project basis and yet must function as a comprehensive school. Currently, we have forty-five projects with an additional seventeen scheduled to start before June 30th. Each of these represents a separate budget with separate accounting. In addition, each project has different starting and ending dates, different equipment needs, and completely heterogenous trainees. This creates a monumental accounting problem, not

to mention the frustration experienced by a basic education teacher who is split between three of these projects. One technicality, for example, legally prohibits switching equipment from one project to another. If we need a typewriter in one project and have a surplus in another, we cannot legally move the machine without a six months paper work delay. This cumbersome process should be eliminated, and could be through a different funding arrangement for Skill Centers.

2. Skill Centers, and all MDTA training programs have *two heads*. In California the training facility is under the direction of a local school district and the State Department of Education, and has responsibility for *training only*. The California State Employment Service is responsible for selecting and referring trainees, program selection, and placement. Under this type of organization, it is quite convenient for each of these agencies to blame the other whenever problems arise. It is strongly recommended that one agency have jurisdictional responsibility for *all* aspects of a Skill Center operation.

3. Programs are frequently not in keeping with labor market demands. This fact is brought about by the delays encountered between the survey of the labor market and the starting of a new training program. Skill Centers could have the flexibility which would permit the training to more adequately fit the labor market needs, if this were legally possible. The proposed operational plan for Skill Centers would accomplish this.

4. Provisions for pre-vocational training were cut out of the Skill Center. Owing to the general lack of knowledge and heterogeneity of the trainee population, testing and pre-vocational programs are a vital part of a successful operation. In 1966, this provision proved to be most successful. It was eliminated in 1967 at the federal level.

5. Attendance policies form a vital part of the attitude training program. Current restrictions prohibit a flexible use of attendance policy. Since absenteeism and tardiness on the job will affect job tenure, simliar conditions should be imposed at the training facility. We cannot do this under the current regulations.

In order that we might put into action the most effective program possible and at a considerable saving in costs, the following suggestions are offered:

1. Fund Skill Centers under a single budget category.
2. Allocate a given number of training slots to each Skill Center with trainees to be referred without specific training objectives, thus permitting testing and occupational sampling.
3. Specify only occupational clusters for Skill Center training, thus allowing the training facility to adjust to labor market demands.

Under such a system, a Skill Center would be able to maintain full enrollment on an annual basis, produce more trainees per training dollar, and deobligate funds annually without excessive carryover as demanded by current practice. Further, the insecurity created under the present system of operation would be eliminated.

EAST BAY SKILLS CENTER—CALIFORNIA STATE EMPLOYMENT SERVICE

Characteristics of trainees, entering March 1967 to April 1968—Total of 1,164 trainees

	Percent
1. Sex:	
Male	80
Female	20
2. Age:	
20 and under	33
21 to 25	27
26 to 30	12
31 to 35	8
Over 35	20
3. Number of dependents:	
0	46
1 to 2	29
3 to 4	15
5 and over	10

	Percent
4. Highest grade claimed:	
0 to 4	3
5 to 7	9
8 to 9	12
10 to 11	39
12	34
College (1 to 3 years)	3
5. Weeks unemployed:	
0 to 4	23
5 to 14	27
15 to 26	15
27 to 52	11
Over 52	14
Underemployed: 10 percent.	
6. Unemployment insurance claims: 19.0 percent.	
7. Public assistance: 18.0 percent.	
8. C.A.T. scores (total of 743):	
(a) Reading:	
2 to 4.9	2.5
5 to 6.9	33
7 to 7.9	32
8 to 8.9	18
9 to 10.9	11
11 to 12	3
13 and over	.05
9. C.A.T. scores (total 835):	
(a) Arithmetic:	
2 to 4.9	22
5 to 6.9	30
7 to 7.9	26
8 to 8.9	13
9 to 10	8
11 to 11.9	1

Note: C.A.T. tests not administered to all C.E.P. trainees;

PROPOSAL FOR OPERATION OF A SKILLS CENTER

Objective

To adjust present structure of Skills Center training projects currently funded and operated on individual bases to a more flexible single funding and operating base.

Background

The East Bay Skills Center opened in April, 1966. At that time a variety of MTDA training programs were assigned to the Peralta Junior College District to be conducted at the Skills Center.

The programs, because of their varying natures, were and are presently funded on an individual basis. Some programs were set up for twenty-six weeks and were funded accordingly, others for thirty-six weeks, others for forty weeks, etc. While this type of funding and structure could be said to have been successful, as evidenced by placement records, it has presented several drawbacks that could and should be eliminated. Among the drawbacks encountered are the following:

1. At the time a proposal is written, an arbitrary time limit is set on the project. This means that the project is written for a definite number of weeks and a definite number of instructional hours. This time limit is based, generally, on what a trade advisory committee considers necessary to adequately train a person for employment.

   Since most of our trainees come from situations where the public school experience has not been successful and many may not have experienced extensive work situations, the time limit set on a training program is not always a realistic one.

2. Recruitment for the MDTA training progrmas is handled by the California State Employment Service. This agency attempts to follow the guide-

lines as set down by the MT–2, but it is not always possible for them to recruit a homogeneous trainee population for a designated program. This in effect means that trainees may be recruited who are below or considerably above the necessary standard for achievement.

This situation, in itself, creates a teaching problem. Since individual programs are funded for a predetermined number of weeks, based on predetermined standards to be met by the trianees, it becomes obvious that training objectives may be met sooner by one group of trainees than by another.

3. Owing to "arbitrary" ending dates in our training programs, trainees cannot be enrolled into programs after the halfway mark has been passed, unless selection criteria are redefined and the "pipeline technique" is employed.

4. MT–2's specifically delineate the areas of training, consequently, money cannot be expended legally for related training that has not been included in the course outline.

5. Selection of many of the programs presently being implemented are based on market research reports that may be outdated by as much as five or six years. Also, the need and usefulness of these programs may stem from projections for the whole State of California rather than just the San Francisco Bay Area. It should also be recognized that programs that may be adequate for the San Jose area are totally inadequate for Oakland because of differences in the labor markets of these two areas. Many industries have been leaving the San Francisco-Oakland area and relocating in areas where the tax base is lower, etc. And because of automation, needs within a particular industry change rapidly.

Occupational Clusters

Should this proposal be accepted and implemented, planning could be done around a cluster of occupations.

Please see charts Nos. 1 through 6, which illustrate families or clusters of occupations centered around various fields. Related occupations shown on these charts merely indicate the possibilities in some fields and should not be considered as exhaustive as new classifications and job descriptions are constantly emerging. Occupational cluster programs would operate in the following manner: A General Clerical Program could be planned around general office work. If there were a need for clerk typists at a specified time, then training would be offered in this phase of clerical work. If there were a demand for office machine operators, training could be offered in this particular specialty without the necessity of writing a separate project. If the need emerged for bank tellers or bank clerks, appropriate training courses could be offered in these fields.

The same would hold true for other types of occupations. For example, if there were a shortage of drill press operators, training could be offered in this occupation with the possibility of immediate conversion to say, arc welding or lathe operators should demands for these emerge.

Recently, several sections of proposed upholstery training projects were canceled at the East Bay Skills Center because there is not a great market for custom upholstery. Under the flexible single funding operation these upholstery classes could have been converted to drapery making or custom quilting which are related occupations and for which there is presently a demand.

The flexible single-funding program outlined in this proposal presupposes a greater degree of local control.

Justification

During the operation of the 1967 MDTA projects, several things became apparent. In some individual projects, the Skills Center was able to enroll and train more trainees than the original number authorized, while remaining within the same total instructional services budget and also within the same MDTA trainee allowance and transportation budget.

This is graphically illustrated by Chart A which shows the Central Office Operator class. Authorization for this program was for forty trainees. Within a six-month period fifty-four trainees were enrolled in the program and forty-two completed their training objective. Therefore the cost per trainee was lowered from $2,700.00 to $2,000.00, a saving of 26%.

Also, as indicated by Charts A and B, the type of flexibility suggested would enable the Skills Center to train approximately 30% more individuals within the authorized budget.

Chart B illustrates the same type of activity in the Federal Pre-apprentice class. Authorization was for forty trainees. Although the program is scheduled to end March 1968, as of December 1967 eighteen trainees had completed their training objective and a new input of twenty trainees has brought the class enrollment back up to thirty-five. Instructional cost per trainee was lowered from $3,280.00 to $2,186.00, a saving of 33%.

On the other hand, in a number of instances extensions were requested for programs in which the training objective was not reached during the length of time for which the project was funded. In these instances, extensions were requested and if there had been savings in categories other than instructional services—for instance in the purchase of major or minor equipment—budget revisions were requested and granted which allowed these particular training programs to be extended for an additional number of weeks.

Conclusion

The Skills Center presently has advisory committees for its individual training programs. If these advisory committees, made up of representatives of labor, industry, and interested citizens, had the flexibility of determining which programs should be offered, and at what time, based on up-to-date market research of local needs, then the Skills Center would be in a better position to fulfill the need for which it was created (i.e., training for vocational occupations for which there is a market.

In addition, if programs had no arbitrary starting and ending dates and if the market reflected a continuing need for, say, transcribing machine operators, then we could have a continual input of trainees in this occupation until such a time as placement indicated that the need had been met.

As shown on Charts C and D, enrollment tends to drop toward the end of a training program. New input is impractical after the course has been in progress for a certain length of time because the instructional staff cannot guarantee adequate training for late enrollees.

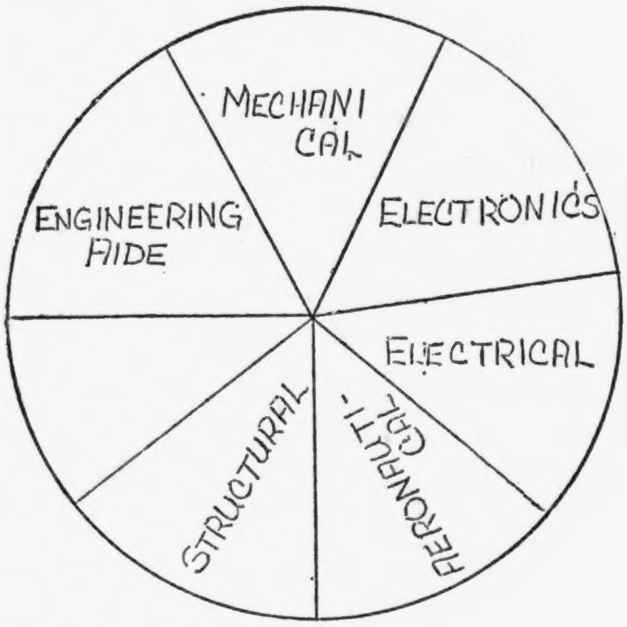
At the end of each year of operation, Skills Centers would readily be able to determine actual costs of operation and could de-obligate funds immediately.

As indicated by the various charts and graphs included in this proposal, additional funds would not be required for the implementation of this proposal. However, because of the various problems and considerations outlined above, we propose the following outline for consideration in future funding of MDTA projects for Skills Centers:

1. a. Removal or suspension of budget restrictions within categories.
   b. Overall fiscal year operation for the entire Skills Center.
   c. Suspension of time limitations in training for specific occupations.
2. Local employment service and Skills Center personnel be given authority to determine the need for training in particular occupations, and thereby be able to work out a positive program for job development and placement.
3. Establishment of a research branch to evaluate the progress made under the new system.
4. Provision for the dissemination of the information learned from the program.

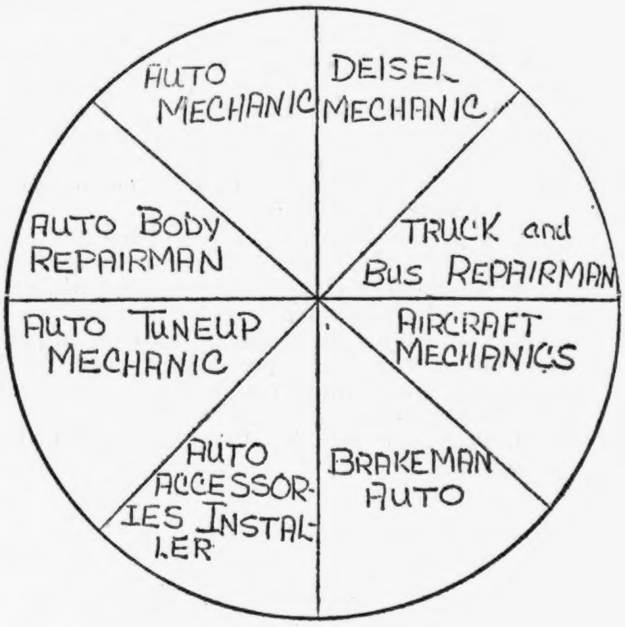
⑩

DRAFTING and RELATED


MECHANICAL
ELECTRONICS
ELECTRICAL
AERONAUTICAL
STRUCTURAL
ENGINEERING AIDE

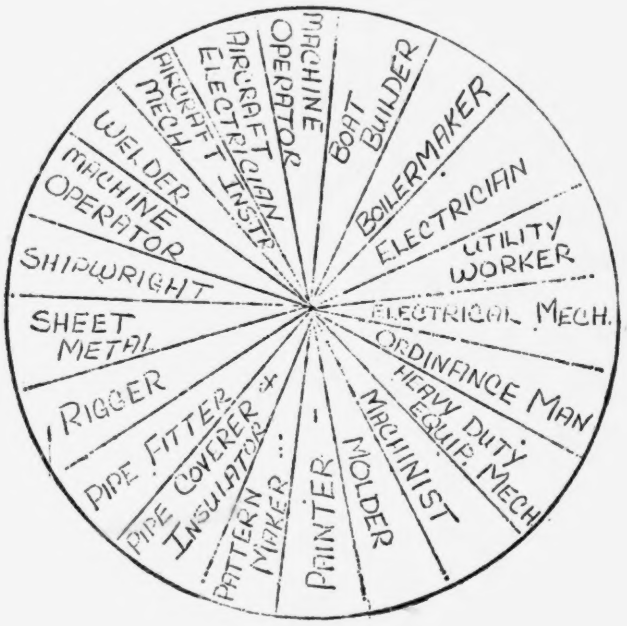
#1

TRANSPORTATION MECHANICS: and RELATED


AUTO MECHANIC
DEISEL MECHANIC
TRUCK and Bus REPAIRMAN
AIRCRAFT MECHANICS
BRAKEMAN AUTO
AUTO ACCESSORIES INSTALLER
AUTO TUNEUP MECHANIC
AUTO BODY REPAIRMAN

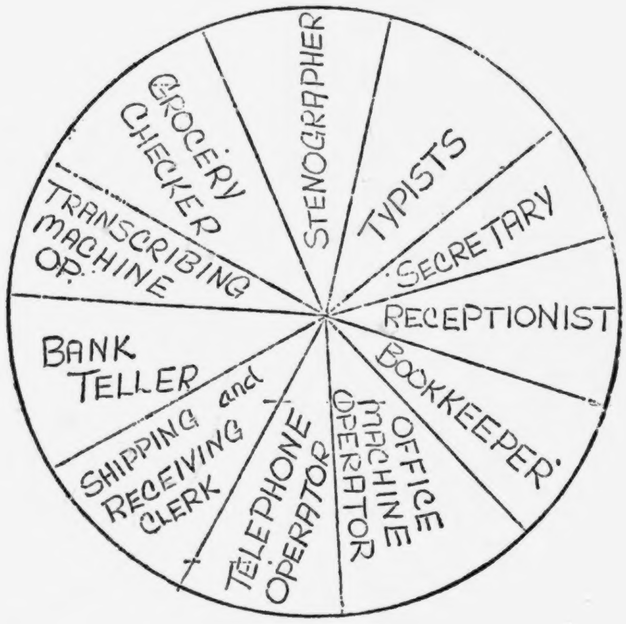
#2

PRE APPRENTICE
and RELATED


MACHINE OPERATOR
BOAT BUILDER
BOILERMAKER
ELECTRICIAN
UTILITY WORKER
ELECTRICAL MECH.
ORDINANCE MAN
HEAVY DUTY EQUIP. MECH.
MACHINIST
MOLDER
PAINTER
PATTERN MAKER
PIPE COVERER & INSULATOR
PIPE FITTER
RIGGER
SHEET METAL
SHIPWRIGHT
MACHINE OPERATOR
WELDER
AIRCRAFT MECH
AIRCRAFT ELECTRICIAN INSTR

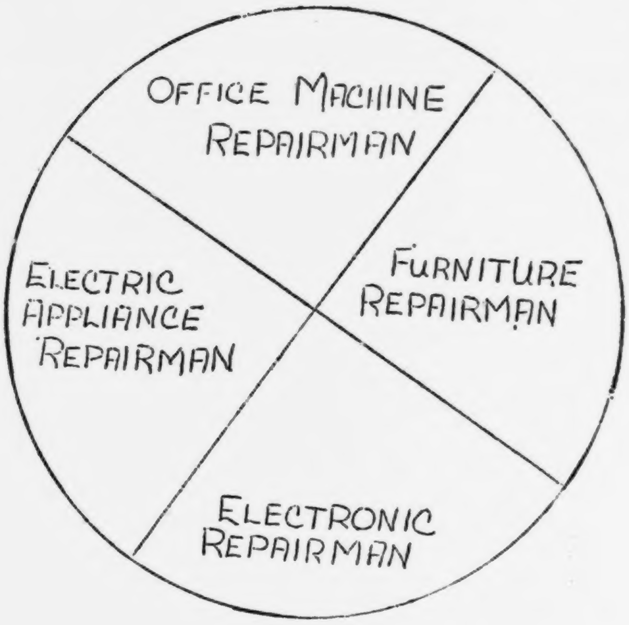
#3

CLERICAL and
RELATED


STENOGRAPHER
TYPISTS
SECRETARY
RECEPTIONIST
BOOKKEEPER
OFFICE MACHINE OPERATOR
TELEPHONE OPERATOR
SHIPPING and RECEIVING CLERK
BANK TELLER
TRANSCRIBING MACHINE OP.
GROCERY CHECKER

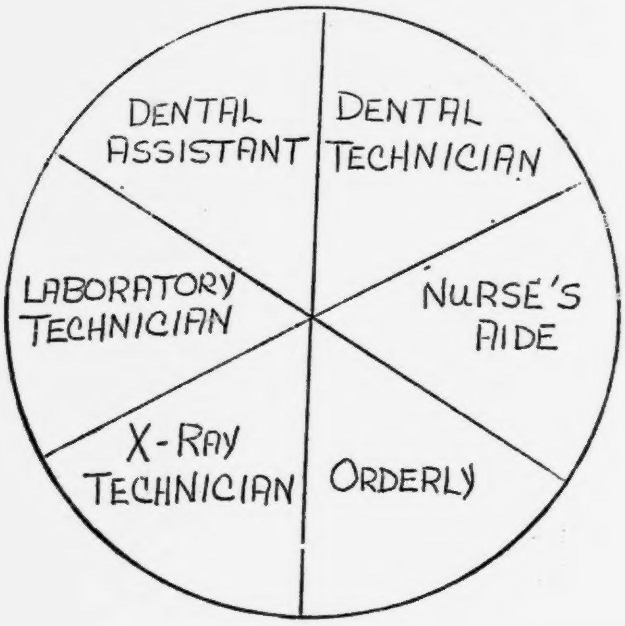
#4

SERVICE + REPAIR

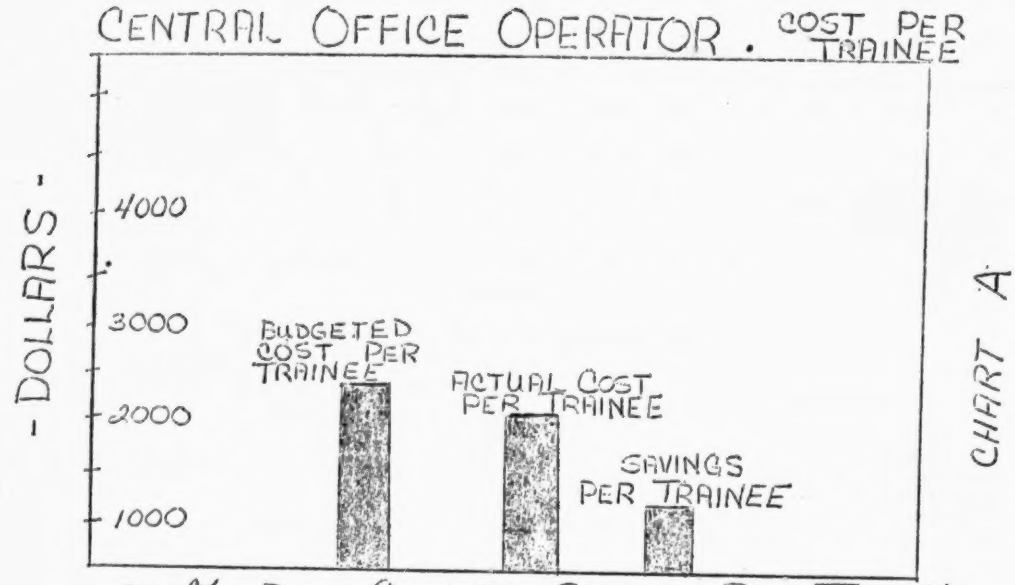

OFFICE MACHINE REPAIRMAN
FURNITURE REPAIRMAN
ELECTRONIC REPAIRMAN
ELECTRIC APPLIANCE REPAIRMAN

#5

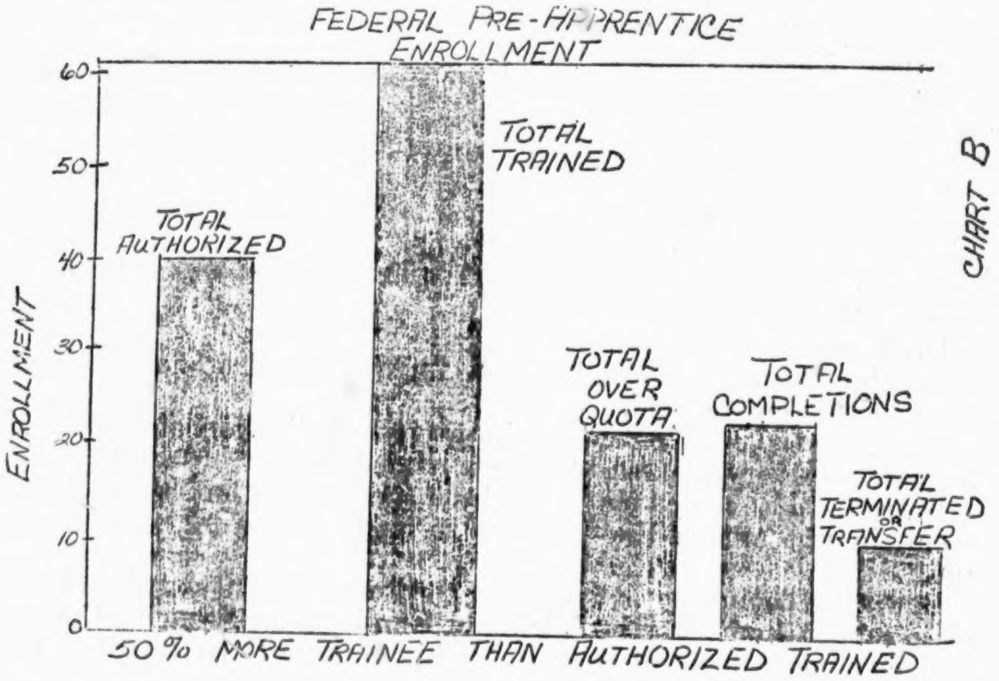
MEDICAL SERVICES


DENTAL ASSISTANT
DENTAL TECHNICIAN
NURSE'S AIDE
ORDERLY
X-RAY TECHNICIAN
LABORATORY TECHNICIAN

#6



25% PER CAPITA SAVED BY TRAINING 54 STUDENTS AT SAME COST AS BUDGETED FOR 40



50% MORE TRAINEE THAN AUTHORIZED TRAINED

CHART C

Central Office Operator—Cal (M) 7007-001 I and II

Authorized 40	June	July	August	September	October	November	December	Total
Total enrollment	40	40	35	34	34	21	0	
Total enrolled or trans. in	40	3		1	10		0	54
Term. or trans. out		2	4	2	3	1		12
Completions		1	1		7	12	21	42

CHART D

Federal Preapprentice—Cal (M) 7007-020 III and IV

Authorized 40	August	September	October	November	December	Total
Total enrollment	34	34	40	37	35	
Enrolled or trans. in	35	4	20	1		60
Term. or trans. out	1	3	0	2	1	7
Completions		1	14	2	1	18

Senator CLARK. I would appreciate if you would each summarize in no more than 10 minutes the parts of your testimony which you think are of a particular interest to the committee. Then we will have a panel discussion.

Who wants to start first?

Dr. TEMPLETON. Mr. Chairman, thank you for the opportunity of appearing before your committee.

If you will agree, I should like to read my statement. It is very short, very direct, and quite to the point.

Senator CLARK. Please proceed.

Dr. TEMPLETON. The Patrick V. McNamara Skills Center, operated by the Detroit Board of Education, has achieved an outstanding reputation among the people of our large industrial city.

Working with the various governmental agencies concerned with manpower training, there has been established an image which has been accepted by business and industry.

Senator CLARK. Is this skills center named after our beloved colleague, Patrick McNamara?

Dr. TEMPLETON. Yes, sir.

Senator CLARK. It is well to note for the record how much he has done in this entire field.

Dr. TEMPLETON. We had an impressive dedication and Mrs. McNamara was very pleased to have it named for her husband.

Detroit's skill center may have been the first in the Nation. In any event, in was among the first few to begin operating some 4 years ago.

From the beginning it has established a successful pattern of complete cooperation with the Michigan Employment Security Commission, city government of Detroit, Michigan State Department of Education, and the Federal Government.

However, we do not wish to give the impression that all has been smooth sailing. As with any new venture, there were growing pains, complicated, in this instance, by legislation originally designed to organize and operate single occupational programs in an atmosphere far different from that now existing in the skills center.

It has been my privilege to be one of those individuals in on the ground floor of creating a "new school" to work with the hard-core unemployed and guide him toward the goal of job security.

During the past 4 years, these efforts have been taxed on numerous occasions but, today, the McNamara Skills Center is the most firmly established of the many attempts by various programs to train and aid the hard-core unemployed in the city of Detroit.

The skill center concept, conceived by the cooperative efforts of labor and education, has made its mark in the history of manpower training.

But like any growing organism, it is vitally necessary that it keep moving ahead, that its responsibilities be increased, its weaknesses eliminated or minimized, and that it be encouraged to expand its effectiveness in the business and industrial world.

To that end, as outlined in the preceding paragraph, we submit the following proposals for your consideration:

Senator CLARK. Dr. Templeton, I have your statement here and I have been able to scan it. It is already printed in full in the record. I see your recommendations and your conclusions, which are most interesting, but there isn't any point in your reading it again, since it is already in the record.

Perhaps you could just assume that not only I, but the other members of the subcommittee are going to read this.

I would like to turn, if you will, to your general recommendations.

I would first ask you to tell me how many individuals have been through the skills center during the period it has been in operation.

Dr. TEMPLETON. To date, sir, we have trained 8,012.

Senator CLARK. And when did you start?

Dr. TEMPLETON. In June 1964.

Senator CLARK. Can you summarize the kinds of skills which these individuals have been given? Was a significant part of them in the automotive industry?

Dr. TEMPLETON. No, sir. We have not been able to develop any extensive programs with the automotive industry, with the exception of Chrysler in the early years of 1964–65.

Since that time we have had a few small programs with the Ford Motor Co.

At the present time, we are developing program with Ford Motor Co., but not to the extent which we would like in order to meet the needs of the community.

Senator CLARK. What are the principal categories of skills which you have been able to create with the industry people?

Dr. TEMPLETON. If you would, sir, I can classify them under the following: For the male occupations, we have gone into machine operators, automatic screw machine operation, auto body, auto body painting, and we have had a great deal of success in the training for custodial occupations.

In the female occupations——

Senator CLARK. When you say custodial, do you mean something more than janitor?

Dr. TEMPLETON. Well, many of them have been trained and accepted by the Detroit Board of Education, for example, at a fairly good starting salary. They do have definite job security.

Senator CLARK. That is fine. But these are fundamentally jobs calling for no particular educational qualification. It is a janitor's job, the fellow who takes care of the schools?

Dr. TEMPLETON. Yes, sir.

Senator CLARK. What percentage of the people going through your skills center would you say were Negroes or other minority groups?

Dr. TEMPLETON. The skills center has had approximately 95 percent Negro enrollment.

Senator CLARK. What would you say would be an educated guess on the average educational level of people who came to you?

Dr. TEMPLETON. Between the third- and fourth-grade levels.

Did I understand you to say that many of them could not read?

Senator CLARK. Yes.

Dr. TEMPLETON. This is true. The average is between the third and fourth grade. That means, naturally, that many cannot read at all.

Senator CLARK. And a great many are not able to write very well?

Dr. TEMPLETON. That is correct.

Senator CLARK. What is the average length of the course you give?

Dr. TEMPLETON. The average length is 13 weeks.

Senator CLARK. What has your experience been with respect to placement?

Dr. TEMPLETON. Placement, Mr. Chairman, was very good in 1964, 1965, and 1966. But placement has fallen off in the past 1½ to 2 years.

Senator CLARK. Why would you say it has fallen off? Are jobs not available?

Dr. TEMPLETON. It could be a combination of the right jobs available, and also the selection of programs. The vast majority of the unemployed of the Detroit area, I would say at least 80 percent, are women.

Senator CLARK. You were just getting to women when I interrupted you. Why don't you go ahead with them.

Dr. TEMPLETON. More and more, I believe, we have to place emphasis in our programs, not only in Detroit but probably in any area where there is a predominance of women unemployed.

We have to offer training in such occupations as health services, and the clerical occupations. This is readily acceptable by business and industry, and provides an excellent opportunity, I believe, to place thousands of our unemployed women.

Senator CLARK. How about the age groups of those who come to you?

Dr. TEMPLETON. The average would run 25 to 40.

Senator CLARK. Do most of the women have children?

Dr. TEMPLETON. Yes, sir; they do.

Senator CLARK. Are many of them unmarried?

Dr. TEMPLETON. That we wouldn't know, sir, because our records do not show that.

Senator CLARK. How about the necessity for day care centers? Have you run into that?

Dr. TEMPLETON. Of course, the Board of Education is concerned with the problem, but not directly entrusted with that responsibility. This is a handicap in running evening programs, where you do have women with home responsibilities and children.

Senator **Clark**. Do you have any statistics which indicate how long these people keep the jobs after you get them for them?

Dr. **Templeton**. The only figures that the Board of Education would have is the tremendous number of people who come back and visit us at the facility and let us know that they are not only satisfied but they want to know how we can possibly help a friend of theirs or someone who need similar help.

Senator **Clark**. Would you say on the basis of your experience that the Federal taxpayer was getting his money back for the money invested in the skills center?

Dr. **Templeton**. The Federal taxpayer is not only getting his money back, Mr. Chairman, but he is being repaid manifold, if we are going to evaluate the program in terms of dollers.

Senator **Clark**. I suppost a lot of these people eventually get into the situation where they pay some income tax, don't they?

Dr. **Templeton**. They certainly do, sir.

Senator **Clark**. Thank you very much, Dr. Templeton.

Let us move on now to Dr. Kelly.

Dr. Kelly, you have a statement also which has been ordered printed in full in the record. It, too, is some 24 pages long. We obviously can't take the time to have it all read, though I wish we could.

Would you do the best you can in summarizing it?

Dr. **Kelly**. I would be happy to. I would like to, on behalf of my colleagues, to say that we would like to thank you and your committee for the legislation that already has passed, that has enabled many people to receive an education and then a job, and take a respected place in their society.

We think this is important. There has been a real contribution made in this direction. We hope that it will be continued.

Senator **Clark**. I understand you have a couple of students with you, sort of exhibits A and B. Perhaps you can bring them up to the table and introduce them.

Mr. **Kelly**. I would be very happy to.

Mr. Brown and Mr. Leecan.

I am very happy to present to you Mr. Millard Brown and Mr. Sam Leecan.

Senator **Clark**. We are very happy to have you with us as exhibits of the successful use of this skills center.

Would you tell us a little bit about what you were able to do for them, Dr. Kelly?

Dr. **Kelly**. We have felt in Philadelphia there has been a need for a long period of time for training opportunities for people.

Pennsylvania, in 1957, did pass a retraining act under which they did provide training opportunities for unemployed persons. It has been very satisfactory, except that there was never sufficient money to meet the need which is so very apparent.

We noted in the January issue of Fortune magazine confirmation of the high unemployment rate in the Philadelphia area among the Negroes, approximately 33 percent according to the study.

With the opening of the John F. Kennedy Center and the training program, we specifically began at the early stage working at the hard-core unemployed problem, feeling that the people who were the so-called cream of the unemployed could get jobs and could be trained on the job.

Therefore, our direction was that of helping the people who needed assistance to get past the employment interviewer, the people who you had indicated previously could not adequately read or write.

Senator MURPHY. May I ask a question?

What percentage of this figure of 33 percent would you consider as hard-core?

Dr. KELLY. I would say that at least 75 percent of them are hard-core, sir.

Senator MURPHY. In other words, the great majority are the hard-core?

Dr. KELLY. Yes, sir. In the Philadelphia area, all you have to do is look at any evening or morning paper and see a multiplicity of advertising items that run day in and day out, week in and week out. They are asking for help. We have the people but they don't have the skills or ability to get jobs.

Senator CLARK. Let us ask each of these two men to tell us what their experience is.

Would you tell us where you are now employed?

Mr. BROWN. I am not employed at the present time. I am in a machine tool program at the Kennedy Center.

Senator CLARK. You are working in the institution which Dr. Kelly represents?

Mr. BROWN. I am being trained in the institution.

Senator CLARK. How old are you?

Mr. BROWN. Twenty-six.

Senator CLARK. How far did you go through school?

Mr. BROWN. I have a GED high school diploma.

Senator CLARK. How come you are not employed?

Mr. BROWN. At the present time? I am getting the skill.

Senator CLARK. How far along are you?

Mr. BROWN. I have been in the Kennedy Center for 7 months now. I will graduate in July, the 12th of July.

Senator CLARK. You have some hope, when you do graduate, that you will get a job?

Mr. BROWN. Judging by what I have seen of students who have graduated, the majority of them, especially from the machine tools trade, do get jobs.

Senator CLARK. Are you married?

Mr. BROWN. No, I am not.

Senator CLARK. Now let us take the other gentleman.

What is your status at the moment? Have you a job?

Mr. LEECAN. I am in the machine tool trades now. I am due to graduate next month, June 28.

Senator CLARK. How long have you been in the course?

Mr. LEECAN. Eight months.

Senator CLARK. How far did you go to school?

Mr. LEECAN. I have taken the GED examination, also.

Senator CLARK. Are you satisfied with the course you are taking?

Mr. LEECAN. Yes, sir; I am very satisfied.

Senator CLARK. Do you think you will be able to get a job when you finish?

Mr. LEECAN. I have two jobs offered to me at the present.

Senator CLARK. Have you had a job before this?

Mr. LEECAN. Yes, sir.

Senator CLARK. What was that?

Mr. LEECAN. I was working at the steel mill.

Senator CLARK. How old are you?

Mr. LEECAN. Thirty-two.

Senator CLARK. Are you married?

Mr. LEECAN. Yes, sir.

Senator CLARK. How many children?

Mr. LEECAN. Three.

Senator CLARK. Senator Murphy.

Senator MURPHY. I was interested in the first gentleman.

How old were you when you left school?

Mr. BROWN. Left school in the 12th grade.

Senator MURPHY. How old were you?

Mr. BROWN. Seventeen or 18 years old. I went into the Navy.

Senator MURPHY. Did you work at anything in between these periods?

Mr. BROWN. I put 4 years in the Navy and there I got a USAFI diploma. After the Navy, I worked at various jobs, odds and ends. I went into the police department and I stayed in the police department for about 14 months. From there I went to the Kennedy Center.

Senator MURPHY. You got your high school equivalency in the Navy?

Mr. BROWN. Right.

Senator MURPHY. Did you work in the steel industry, did you say?

Mr. LEECAN. Yes, sir.

Senator MURPHY. As you may know, I have been very interested in this. I go back to the old Drexel Institute in Philadelphia. I was raised in Philadelphia. I went to grammar school at 36th Street and Chestnut years ago.

I am also a dropout. I never got a high school diploma or a college degree. But I have been making up the experience. I have been a great advocate of these training programs.

I think first a man has to have a job and a skill and then he can take care of himself from there on. That is what we have to provide for.

I am sure the generation will be successful if they have the opportunity of job training.

Thank you.

Senator CLARK. Do you want to proceed, Dr. Kelly?

Dr. KELLY. Yes, sir.

Mr. Chairman, you have been asking about the hard-core unemployed and how many of them have had previous work experience.

In our application blanks, we have found that 56 percent of the men who apply to take training at the center have had a total work experience of less than 2 years. Their average age is approximately 30 years.

This does give you an indication of the degree of unemployment that has existed amongst these people. The rate is slightly less for the women who are in the program.

Senator **Clark.** What is the percentage of women in your program?

Dr. **Kelly.** About 20 percent, sir.

Senator **Clark.** Are a good many of them married?

Dr. **Kelly.** A good many of them are married and returning to the work field after marriage and having had children. As you indicated in previous questions, there is a need for more day care center facilities and training. Many times I will receive a phone call early in the morning from a trainee reporting that a babysitter didn't show, or her mother didn't show, and, therefore, she would have to be out for that day.

Senator **Clark.** Have some of your people been on relief?

Dr. **Kelly.** Yes, sir.

Senator **Clark.** How about your people, Dr. Templeton? Have some of them been on relief?

Dr. **Templeton.** Mr. Chairman, in addition to operating MOTA programs in the skills center, we carry a good deal of the expenses by running programs for other agencies other than Manpower, such as the work experience program and the Job Corps. This cuts down our overhead tremendously and enables us to train more unemployed.

The reason I bring that in is that under the work experience program, all of those mothers are on aid-to-dependent-children relief.

Senator **Clark.** Go ahead, Dr. Kelly.

Dr. **Kelly.** We would like to indicate to you that currently, and for a considerable period of time, our placement record is running about 95 percent. In many cases, as Sam has indicated, just prior to graduation the graduates or prospective graduates have offers of two or three jobs, and it becomes a selective process.

There are some problems, however, the problems of transportation, for example, where industry has located outside of the city. Some of them find it difficult if they do not possess a vehicle of their own to get to some of the locations of the positions.

This, to some degree, limits their ability to accept certain positions.

Last year, the Bureau of Employment Security representative in our center made a followup study of all those who were placed in jobs during the calendar year 1967. If we calculated their earnings during that ensuing year of work, you would find that it totaled $2,324,000.

In another study we have made, we found that when we enabled a person such as a woman who took the practical nurse program to get a job, she then removed two and one-third additional people from the welfare rolls because of the fact that she now was a contributor, receiving a salary, and able to bring, perhaps her children off of the relief rolls.

We feel this is a contribution in taxes, a relief to the welfare and State organizations, plus the fact that they are new people, they are different people. They can hold their heads high.

They do take a respected place in society.

Senator **Clark.** Did I understand you to say that most of them holds jobs once they get them?

Dr. **Kelly.** Yes, sir; we had another study made recently and they found that of the study of graduates in the machine tool training, 88.7 percent of the graduates were still working at their jobs 6 months later, with 83 percent of them in training-related jobs, with 60 percent of them earning $100 a week and 40 percent of them earning $125 a week.

Senator **Clark**. How long has this skill center been in operation?

Dr. **Kelly**. Since approximately 1964. We began phasing in there and out of our vocational and senior high schools.

Senator **Clark**. Do you think that the Federal taxpayer is getting his money's worth?

Dr. **Kelly**. I am sure he is getting many dollars of return for it, sir.

Senator **Clark**. Let us turn to the problem of whether you are operating at capacity or not. The Secretary of Labor came in here and indicated that many of these skill centers were operated at capacity, but we pointed out that the capacity is determined by the amount of funding that they got.

Actually, they had a very much higher capability of training if they had the money to do it. How about that?

Dr. **Kelly**. At the John F. Kennedy Center, sir, our potential is perhaps 400- to 500-percent greater capacity than we are now utilizing.

Senator **Clark**. Then the limiting factor is money?

Dr. **Kelly**. The limiting factor is the continuing reducing allotments each year for the programs.

Senator **Clark**. How about Detroit?

Dr. **Templeton**. We are operating now at approximately 50-percent capacity.

Senator **Clark**. How about in California?

Dr. **Michie**. We are operating at about 50-percent capacity also.

Senator **Clark**. It is not right to say these skill centers are being used the way they should be used.

It seems to me that they should be operated at capacity.

Senator **Murphy**. I agree completely. I get back to the matter of priorities, spending the money of the Federal Government. That is something with which I find great fault.

In a program of this type, it obviously is a good, sound, and productive program that is needed.

There is nothing against this program. I would think it would have very high priority.

If I may, at this point, I would like to thank you gentlemen for the concise, direct, and enlightening answers that we have received.

I wish I could say that it has been my experience to get answers like this from other witnesses. It has been very difficult from time to time to find out exactly what happened at the Job Corps camps.

It would seem that there was no record kept after a boy left on what happened to him, if he got a job or didn't get a job. So we had no way of knowing what was being accomplished.

I am very pleased today that it has been shown that there are productive programs here, ones that are doing the jobs properly.

Senator **Clark**. I have no doubt that the California witness will be just as good as the first two.

Dr. **Michie**. I would have to agree that we are No. 1 in California.

I would first like to make a plea relative to the urgency of extending the Manpower Development and Training Act. As we know, it expires in 1969. If we don't get started soon, we will have to start shutting down.

Senator CLARK. We have to have it done before the 30th of June of this year.

Dr. MICHIE. That is right.

I like to think of a skills center as a buffer zone.

Senator CLARK. I am sure Senator Murphy will help us get it extended.

Senator MURPHY. I will do my very best. I will support all of the programs that start on the Republican side of the aisle. I will support all programs that are good.

Dr. MICHIE. I like to think of a skills center as a buffer zone between unemployment and employment or on-the-job training. That is the approach we take to it in California.

Within the skills center setting we have the capacity to take the most ill-equipped individuals, illiterates, and make them contributing and dignified members of our society.

The skills center represents the first time in many moons that education has joined hands with the community and with the employers in the community to fight unemployment and poverty.

Senator CLARK. You, too, operate out of the board of education?

Dr. MICHIE. That is right.

Senator CLARK. All three of you do, then.

Dr. MICHIE. We threw away the book when we started to do this, and we threw away a lot of the education jargon that has been going on for many years, and which has failed in the public schools, I think.

As an educator, this is a kind of harsh statement for me to make. I have to swallow my pride when I do it.

Senator CLARK. Explain to me, if you will, how you gentlemen in your separate skills centers tie in with technical and vocational high schools.

What is the difference between what you are doing and what they do? Are you dealing more with adults?

Dr. MICHIE. We deal almost exclusively with adults. We have some youth in our programs but these youth are mostly over 18 years of age. So they are out of the public school system, the high school system.

Senator CLARK. Is it the same thing with you, Mr. Kelly?

Dr. KELLY. That is correct.

Senator CLARK. And Dr. Templeton?

Dr. TEMPLETON. That is correct.

Dr. MICHIE. We have done some things that were seemingly impossible. In California, we have a large segment of Spanish-speaking monolinguals. Recently we had about 50 monolingual Chinese coming to our center in Oakland.

In an average of 17 weeks, we have been able to teach these people functional English. That is, to speak the English language and be able to communicate with the man on the street.

Senator CLARK. In how long?

Dr. MICHIE. Seventeen weeks.

Everyone said this couldn't be done, but this is one of the things where we took the bull by the horns and did it. They may not know what a gerund is, but they can speak the English language.

Senator MURPHY. I don't either.

Dr. MICHIE. Welcome to the club.

To illustrate some of the success that we have had, just the other day one of our graduates who came into our center below the fifth grade level got a $14,750 loan from the Small Business Administration to open his own auto tune-up shop. He is hiring our trainees.

Senator **Clark**. What was his ethnic background?

Dr. **Michie**. He is Negro.

We had a couple of graduates from our welding program just land a contract with General Motors and they are hiring welders out of our program.

We have done many things in the face of some pretty severe odds.

Senator **Clark**. How long have you been in operation?

Dr. **Michie**. Since about March 1966.

Senator **Clark**. And how many people have you put through your skills center?

Dr. **Michie**. I will make a horseback guess of about 2,500.

Senator **Clark**. Do you have the same statistics as the other gentlemen with respect to what percentage of them got jobs and what percentage of them held the jobs?

Dr. **Michie**. Yes. We are running currently about 85 percent placement. Most who get jobs hold jobs. However, the statistics aren't really accurate because this branch of our function was taken away from us and is handled by the employment service. They mail out questionnaires.

Typically, I think, they don't get the response on this mail-out type of questioning that one might get if he went around and beat the doors down.

Senator **Murphy**. If everybody is working, they are in trouble, aren't they?

Dr. **Michie**. That is right.

Senator **Clark**. Would you each very briefly give us your experience with the employment service in the respective States?

Dr. **Templeton**. Our experience has been one of fine cooperation. However, there is much left to be done, especially in the area of selecting occupations: follow-up of trainees—a great deal of work to be done in this area in order to not only make our program more efficient but to validate the expenditure of the funds.

Senator **Clark**. Do you get help from the Employment Service in determining what courses to give in order to do training where there will be a job available?

Do they help you on that?

Dr. **Templeton**. This, Senator, is the direct responsibility of the Employment Service.

Senator **Clark**. I know it is. I wondered how well they do it.

Dr. **Templeton**. They do work very cooperatively with us. We have exercised some influence on their selections. But, again I emphasize, this is a field that has to be worked on a great deal more than it has been.

Senator **Clark**. Dr. Kelly?

Dr. **Kelly**. We enjoy a very fine relationship with the local Bureau of Employment Security in Philadelphia, a very close working relationship in that we plan a year ahead. I would say that their real problem is the problem that their salary schedules are rather low for their interviewers and the job developers.

If they have problems, it is in that direction.

Senator **Clark**. In other words, this is an area where the skills are in short supply because the compensation is inadequate.

Dr. **Kelly**. That is correct. We work with the highest level of supervisors, with nothing but the finest of cooperation, but they have trouble in the lower levels of their own organization.

But we have had excellent relationships. They have a plan now where periodically they bring their interviewers and job developers through the centers and spend a whole day with us. Thus they are well acquainted with what we are doing so they can relate to the persons they interview and start referring to us about courses, what it is like, and things of this nature.

I think their real problem is in job developing, in that many firms, because of past practices, do not rely upon the Bureau of Employment Security as a source of labor.

Senator **Murphy**. Why is that?

Dr. **Kelly**. Not being the employer, I don't think I am going to answer that one.

Senator **Clark**. I think they like to do their own employing, don't you, Senator?

Senator **Murphy**. They do sometimes, yes. But in some instances, I have heard reports of complications, of redtape, of difficulties. We at one time we on the committee suggested taking the Employment Service into the areas of the inner city. Sometimes the people there don't know where to go, or they don't have transportation. Or if a fellow is really broke, he can't get to the place. He has to get to the job right now.

I understand that. I have had it happen a couple of times, we discussed possibly a mobile unit that would go right into the hard-core areas. What would your reaction be to this?

Dr. **Kelly**. Excellent. They have been doing it in Philadelphia. They have about 80 out-reach stations throughout the hard-core areas. Such as store-front places and schools. They did use the job mobile last year to a considerable advantage. It did work. It was very successful. They have job developers who go into the poolrooms and taprooms and so forth and talk to the unemployed they find there in an effort to recruit them.

Senator **Clark**. Dr. Michie, you are getting short changed. You are at the end of the line.

Dr. **Michie**. That is all right. I will not leave here until I get off my chest what I came here to tell you.

Senator **Clark**. Tell us first about your relations in the State of California with the Employment Service.

Dr. **Michie**. Our relations at the local level are reasonably good right now. We have been able to convince the California Employment Service that we have a resource that will be very helpful to them in job development. That is our instructors.

Our instructors come out of industry. They know the business. They have the associations within the industries. They are now working with us in job development.

The bone that I have to pick with the Employment Service is relative to their surveys of the job market and the time gap between the survey and the time we get the programs started. Sometimes it may be 2 years.

By the time we start the program and train the individuals for the market, the market is no longer there. This is ridiculous.

We continue to do it. It is something that they guard so jealously we don't seem to be able to change it.

Senator MURPHY. How do you suggest to pry this loose?

Senator CLARK. I suggest you take it up with Governor Reagan.

Senator MURPHY. I can do that quickly. You tell me how to pry it loose and you have a good, troublesome advocate in your corner.

Dr. MICHIE. I have offered a suggestion to pry this loose in the form of a proposal for operating the skills center. It is a very simple thing. That is to let skills centers operate on multioccupational areas and on job clusters. Let's forget about sending 300-pound telephone operators down there for us to train because they can't get in the booth. Let's not worry about that sort of thing.

But give us an occupational cluster type of approach. Then when the job market comes up we can switch to it instantly. We have the capacity to do this. But, no, we have to follow these MT-1's that say, "You must train for this specific occupation."

Senator MURPHY. Who makes out the MT-1?

Dr. MICHIE. The Employment Service.

Senator CLARK. But they have to do it when the Labor Department people tell them to do it.

Dr. MICHIE. That is the Labor Department people on the Federal level.

Senator MURPHY. I am used to arguing with them, too.

Dr. MICHIE. This is something that I think is absolutely critical.

Senator MURPHY. Would you write me a suggestion as it might apply to the State of California, to Oakland, so that I can recommend this immediately to the Governor and we will get the Governor and the two Senators together—I am sure Senator Kuchel will join me—and we will go to work immediately on the Department of Labor and see if we can't get this resolved.

Dr. MICHIE. Senator, I have it all outlined in a proposal that is right here right now. Every detail of it is there.

Senator CLARK. It is in the record.

Dr. MICHIE. It is in the record.

If we could do this, we could go to 100 percent capacity. We could do the job.

Senator CLARK. You can't go to 100 percent capacity unless you get the Federal funding, can you?

Dr. MICHIE. I was going to comment on this also, Senator. This is part of my prepared list of comments.

Let me say that right now we could be operating at 100 percent capacity if they would just lift those stupid budget restrictions that we have on these individual projects. We have the money. We can do it right now. We can operate that program on a year round, 100 percent capacity basis, if you will just take those silly project-by-project restrictions off.

Senator CLARK. What you are complaining is that there is not adequate flexibility and there is too much red tape.

Dr. MICHIE. That is exactly right.

Senator CLARK. We have been listening to that for 5 years.

Senator MURPHY. I have some questions on the manpower training program and the price of it.

I recall a few years ago when industry said, "Look, we would rather do it on our own using our own money. We can't go through all the red tape and nonsense that we are subjected to." Some improvements in OJT have been made since then. Yet, in the manpower area, we hear of the problem again and again. We keep trying to work a way through the complicated overlapping duplications of bureaucracy. Sometimes it seems to me that these fellows are determined that they are not going to let these programs work.

I am just as determined that they are going to work. I know the Senator from Pennsylvania joins me in that.

Of course, I am pleased to hear you say you could do a much better job with the same amount of money.

Dr. MICHIE. I would say at this point we can train—and there is some documentation in the material you have—30 percent more trainees with the same amount of money, and do a better job, if they will just let us do it.

Right now, to show you the inefficiency of this thing, when I get down toward the end of a program, say in welding, I may only have three students left. The rest have all gone to work. And I am tying up two instructors with three students.

Senator MURPHY. You could move them into some other field?

Dr. MICHIE. I could keep that class full on a year-round basis.

Senator CLARK. I wonder if Dr. Kelly and Dr. Templeton have had the same experience.

Dr. KELLY. The same thing.

Dr. TEMPLETON. The same experience; yes, sir.

Senator MURPHY. It says here: "If we need a typewriter on one project, we have a surplus in another, we cannot legally move the machine without a 6 month paperwork delay. This cumbersome process should be eliminated." That is from the statement.

I have had some experience in these matters, too. Years ago I got involved in making some motion pictures overseas for the USIA. I would get to places where one governmental department would have 20 or 30 jeeps sitting a yard doing nothing, and I had been promised a jeep. I tried to get one through the USIA and couldn't get one, while there were 30 of them sitting there just gathering dust.

So I know what you are talking about. I think we ought to help cure it. There is nothing I find that is as quickly corrective as a public exposure of these things. Sometimes you have to form public embarrassment to get these things broken loose.

Senator CLARK. It is too bad there is nobody at the press table this morning.

Senator MURPHY. Wait until Bobby Kennedy comes back and we will have the press then.

He will have to join us or give up his candidacy.

Senator CLARK. I have instructed the staff of the subcommittee to prepare a letter to the Secretary of Labor in which we will outline a summary of what we have just heard.

Senator MURPHY. This is most instructive. I must say I am glad I came here today.

Dr. MICHIE. If we might make an additional comment, I think there is something like $80 million tied up in MDTA funds now, allocated for MDTA training, that are not being used. I think this has been a thorn in the side of the Bureau of the Budget. If we funded skill centers on an annual basis, we could disencumber those funds at the end of that year and start all over again. Then we wouldn't have that kind of a problem.

Now, as a stopgap measure, to try to shake these funds loose, they have put a restriction on stating that all projects must be started by June 30 of this year.

Do you recognize what that is going to do? It is going to dump about 1,500 trainees out of my institution on the labor market at Christmastime. You tell me where they are going to get jobs? If they don't get jobs, you can better believe you are going to hear from them.

Senator CLARK. Have you told us everything you wanted to tell us?

Go ahead. That is what we are here for, to listen. Make it just as expeditious as you can.

Dr. MICHIE. I think I have made my points in the statement, to fund skill centers on an annual rather than a project basis; give us the flexibility and let us operate.

If you only do it to a couple, so we can prove to everybody that this can be done, it would help. If we operate within the bounds of the law right now, we would close our doors within a week.

I don't mean that we are deliberately breaking the law. We just have to stretch things here and there so we can move typewriters from room to room. When the need is there, we have to use them.

Senator CLARK. Senator, have you any other questions?

Senator MURPHY. I don't have any questions.

I want to congratulate you all.

Incidentally, I lived in Detroit, too. I was playing ball with the Industrial League there when I was 15. I put rear ends in the old Detroit motor cars. The company went out of business 2 years later. I don't know if I had anything to do with it.

Dr. TEMPLETON. Though we are on top of the league right now, we could probably use some help.

Senator MURPHY. I have slowed down a little bit.

Dr. TEMPLETON. Toward the end of my recommendations, Mr. Chairman, I did mention that we are much opposed to an incident that happened last year, whereby a private contract was given to an outside corporation. They came into the city of Detroit and proceeded to spend, for a program, three to four times the sum of money we would have expended on the same program.

We would certainly want to see this looked into and not have it happen again.

Senator CLARK. Was this a private profit concern?

Dr. TEMPLETON. This was a Northern Systems Co. coming in from Nebraska and given a contract to conduct a large amount of basic education and OJT programs.

Senator MURPHY. Is there any reason why a Northern Systems Co. from Nebraska should have more knowledge or expertise, more capability than you fellows, in Detroit?

Dr. TEMPLETON. They might have, after they managed to hire quite a few local instructors by paying higher salaries. But we know that they can't do the job and haven't done the job we in the Skills Center are capable of.

Senator CLARK. I would like to get an explanation of that, too.

(Additional material filed for the record by Dr. Templeton follows:)

[From the Detroit Free Press, Aug. 20, 1967]

EXPERIMENTAL JOB PLAN BORN IN CONTROVERSY

(By Roberta Mackey, Free Press Education Writer)

A Nebraska private firm will spend nearly $1.2 million of federal money on job training for 450 unemployed Detroiters, trying to prove that its training program is better than local vocational educational programs in existence.

The controversial program already has been interpreted as a slap in the face to local manpower training programs, and to the Board of Education's Skills Center in particular.

The private company, which will make a profit on its contract, is Northern Systems Co., a subsidiary of Northern Natural Gas, a billion-dollar Omaha corporation.

Paid by the Department of Labor, Northern Systems will conduct a program designed to teach unemployed persons basic skills and work habits, although it will not train them for specific jobs.

Although its methods are radically different, the program parallels training courses already operating at the Skills Center.

Its critics include local education officials, members of the Manpower Advisory Committee and members of Mayor Cavanagh's Human Resources Development Committee, most of whom see the project as an expensive, federally funded boondoggle.

They say the company will spend $2,662 per trainee, not including living allowances to do what the Skills Center does for something like $300 each, and the Skills Center is operating at less than 50 percent of capacity.

Its defenders include officials of the Labor Department and the Michigan Employment Security Commission, who say the program is bringing money which Detroit would not receive otherwise and providing training for another 450 persons. And it might produce some new techniques for vocational training.

The project is said to be a Labor Department experiment in involving private enterprise in vocational education. Its critics say it is part of a bureaucratic struggle between the Labor Department and the Department of Health, Education and Welfare for control of federal funds for education.

The Labor Department has awarded similar contracts to five other corporations and to the Atlanta (Ga.) Board of Education. Northern Natural Gas and its subsidiary (which is known outside Michigan as Management Systems Co., got a contract to operate programs in Los Angeles and Houston, as well as Detroit, for a total of $3,860,184.

The local contract, for $1.198 million, includes a fee of 4.7 percent, or slightly more than $56,000, which J. O. Grantham, vice-president and general manager of Management Systems, says is a smaller percentage than industry receives on its government contracts.

It does not include living allowances of $40 to $60 weekly paid to trainees by the Michigan Employment Security Commission, which usually are considered to represent about 60 percent of the cost of any manpower training project.

Inclusion of the living allowances would more than double the cost of the program.

The project is clearly labeled as an experiment. It will use a technique which Management Systems says already has proven successful at the Lincoln (Neb.) Job Corps Center, which the company has operated since last fall as its first foray into the field of education.

It aims at the person who can't get a job because he hasn't one thing to offer an employer, or who can't read instructions, can't be understood when he speaks, can't perform simple tasks, or can't stand the strain and shows it by lateness, absenteeism or by blowing his top and quitting when a supervisor criticizes his work.

He probably is filled with a mixture of fear and hostility, and he already has pegged himself a failure.

According to Joseph Scudero, a Labor Department official on leave to Northern Systems to set up the project, the object is not to train skilled workers. Rather, it is to train persons "from 16 to 65" for less-skilled entry jobs.

Leaning heavily on psychology and counseling, it teaches the use of basic tools in a tightly structured manner similar to programmed learning, in steps so gradual and to simple that the student can rarely make a mistake.

Under the minutely detailed system, Scudero says, it is possible to bring an illiterate up to sixth-grade level in 160 hours.

The student will begin, for instance, by learning to use a ruler. Working in groups of five, at a "tool station," with every other possible distraction removed from the room, he will progress from reading the gradations on the ruler to taking simple measurements.

Later, the tools may become more complicated and be related to the student's job preference.

At every step of the process, the student's confidence and knowledge are reinforced, and he will be offered certain status symbols as a reward for achievement. He will be asked to help other students who have not progressed as far, and as he progresses, he will be given access to a lounge which is slightly fancier than the one he used at the previous step.

He also will participate in individual and group counseling and in "psychodrama" sessions which will teach him to deal with the stressful situations he might meet on the job.

At the same time, he will be given basic literacy training, but this, like the tool skills, will be zeroed in exactly on what he needs to get and hold a job.

The plan also calls for driver training, on the theory that a job is no good if you can't get to it.

At the end of four weeks, the average student is expected to be ready for practice on an actual job. The company will subcontract with several local employers to provide half-day training sessions.

The local employer will be asked to release an employe, whose time will be paid for by Northern Systems, as a training supervisor.

This superviser will work with a group of students, who will be paid $1.40 an hour by Northern Systems, for the half-day they spend in observation and training on the job.

The other half of the day will be spent in further counseling and remedial classes.

After about four weeks of this, the student will be ready for on-the-job training in a full 40-hour-a-week job. His employer will be partially reimbursed by the company for the time it takes to train him.

Students are to move through the program at their own speed, but it is estimated that the average training period will be 26 weeks.

Kind words and belated overtures of friendship have not mollified local vocational education officials. They feel that they were purposely kept in the dark about the project until it was an accomplished fact.

It wasn't announced until three weeks ago to the Manpower Advisory Committee, the representatives of the schools, the poverty program, labor, business and community organizations who are supposed to approve all training programs instituted under the federal Manpower Development Training Act.

A former factory building at 3114 Grand River already had been rented. This irked committee members, who are responsible for keeping the Skills Center in operation.

Dr. Arthur Templeton, the Board of Education's acting divisional director of manpower training programs, says that because of lack of funds "for the last two years programs at the Skills Center have been going down and down, although the need is greater now than it was three years ago."

Although Templeton calls the project "a direct threat to the Skills Center," Malcolm Lovell, director of the Michigan Employment Security Commission, disagrees.

The money, Lovell says, came out of an unallocated reserve in the Labor Department, and Detroit wouldn't have gotten it through normal channels.

The State Employment Commission is recruiting the students. Lovell says: "You can bet your life they're going to be hard-core cases—tough people with tough problems."

James R. Sagel, assistant deputy director of the state employment board and the official liaison man with the Manpower Development Committee, concedes that some of his aides did know about the project several weeks before the committee heard about it.

But the committee didn't legally have to be consulted, for although some manpower funds are involved, most of the money is coming directly from Washington. "Maybe they thought they'd never get off the ground if they had to have clearances of all sorts," Sagel says.

Sagel says that Northern Systems considered the Skills Center as a training site, but rejected it because of possible conflict between existing programs and the experimental one.

According to Scudero, the Skills Center did not lend itself to the project, which calls for a different kind of decor and a different arrangement of training tools.

Although the Board of Education was not invited to bid on the training contract, several local corporations were, Sagel said. He knows of only one specifically, and they received the invitation only two days before the deadline and so had no time to draw up a proposal.

Although Northern Systems promised that it wouldn't try to hire away staff members without consulting them first, both Templeton and Donald V. Healas, of the Mayor's Human Resources Development Committee, say they know their people have been approached, and they haven't been consulted.

Vocational education teachers are among those in shortest supply and many school vocational programs have been hampered by a lack of teachers.

Grantham admits that about seven persons have been hired away from the school system, at salaries 10 to 15 percent over what they had been making.

"After all," he says, "this is an experimental program, and they are leaving the built-in security of the school system."

He said, however, that he has written to Supt. Norman Drachler apologizing and offering to "discontinue" the employment if it will impair operation of the school programs. Drachler says he has never received the letter.

Healas, who directed the Mayor's Youth Employment Project (MYEP), which provided somewhat the same kind of job-oriented training for young people, says: "This project is no more unique than MYEP," but the cost of MYEP averaged $900 per trainee, including living allowances.

Francis Kornegay, director of the Urban League and a member of the Manpower committee, calls the project "a shame and a disgrace," and blames officials in Washington.

"The federal government just came on us without our knowledge. Washington ought to co-ordinate something, or I'm squawking," he says.

Of the psychological orientation, Kornegay says: "The devil with that. The Board of Education can do that. So many people want to get in the act, and they're not worrying about the real problems of the hard-core unemployed."

Grantham replies to the critics: "Our posture in regard to the schools is a very humble one. Our only hope is that, with the elements of a fresh approach, we can produce something which is very educationally sound.

"We would like to stress the experimental nature of the project, which is what made the Labor Department interested in our proposition. The educational principles are all most carefully worked out."

Dr. MICHIE. I would like to make one additional comment. That is relative to the heads of this operation.

It seems that we try to operate this thing with two heads. One is the California State Employment Service and the other is the educational agency. I feel that one or the other should accept the administrative responsibility for the thing and take the blame.

Senator MURPHY. Which one would you suggest?

Dr. MICHIE. I would think the educational institution would be the one simply because they are the educators, and that is the principal job of the Skills Center.

Unfortunately, when it comes time for job placement, we have to go and do a lot of the job placement or it doesn't get done. We are the ones, we know, who gets blamed for it, so we do it anyway, even though it isn't our job.

Perhaps I shouldn't be saying these things, but I think it is time someone said them.

Senator MURPHY. I think it is past time. I think you should have said it. I congratulate you for your statements.

Dr. KELLY. I would like to make two points, Mr. Chairman.

No. 1, currently in Philadelphia, we are finding a great number of the businessmen, especially as they move into the National Alliance for Businessmen, contacting our Center.

In fact, on Monday, we had a group of Quaker businessmen visit the center and discuss with me the possibility of us doing a subcontracting job on the training if they got involved in the National Alliance of Businessmen program.

I think there has to be recognition that outside of the large firms, there is a very real problem associated with the smaller firm who is going to take on a few employees not being able to provide not just the skilled training but all the associated attitudinal training that must be done to help these people to not just get a job for a period of time, but to stay in the labor market as an employee.

Senator CLARK. We had testimony yesterday to the effect that medium- and small-size employers just couldn't put up with all the red tape they had to go through to comply with Federal standards in order to get these hard-core employed or in a training process.

Ford Motor Co. pointed out how difficult it was for the smaller employers to go through all the rigmarole.

Dr. KELLY. They have indicated this to me.

Second, a consortium of Philadelphia garment industry employers are very strongly resenting the effects of being banned from inclusion under Manpower Development and Training programs. Nevertheless, they want to participate in the efforts of the National Alliance of Businessmen.

Once, again, they wish to work with us, for us to assist them in the training portion of the program.

Senator CLARK. Most of them are small employers, too.

Senator MURPHY. But generally, you say the garment industry feels they are banned?

Dr. KELLY. They are banned, sir. Nobody can receive MDTA training in the garment industry as a power sewing machine operator, for example.

Senator MURPHY. Why?

Dr. KELLY. I understand there was an agreement reached with the Secretary of Labor through Mr. Dubinsky, when he was president, and they have never been able to get a program approved.

We can get machine repairmen in our programs. But power sewing machine operators, knitting machine operators and the various other allied operations cannot be covered with an MDTA contract.

Senator MURPHY. Did you know that before, Mr. Chairman?

Senator CLARK. Yes, I did. It is a practical problem.

Senator MURPHY. It is not a practical problem. I have been around labor unions over 42 years. There are some of these so-called practical problems that I don't buy.

Dr. KELLY. We can take on 3,000 more people in the garment industry in Philadelphia per year. This is their need. So here is a place for 3,000 more employees.

I would like to close with one statement. The school trainees were interested when they learned I was coming down here. One group of trainees wrote a letter to be addressed to the committee. It is in the testimony on page 22. I would like to read it as a concluding statement.

> There is so much to learn which will never be found on the streets or at home watching our children so that our wives can work for the money that we should be earning. We will not have this opportunity to better ourselves without your consideration and understanding of our situation.

Thank you very much, Mr. Chairman.

Senator CLARK. Thank you very much, gentlemen. We are very grateful to you for the help you have given the subcommittee.

Our next witness is Mr. Robert Middlekauff, manager, wage and manpower planning department, Ford Motor Co.

STATEMENT OF ROBERT M. MIDDLEKAUFF, MANAGER, WAGE AND MANPOWER PLANNING DEPARTMENT, FORD MOTOR CO.

Senator CLARK. Do you wish to proceed, Mr. Middlekauff? We have had your statement placed into the record.

Mr. MIDDLEKAUFF. As noted in the statement, my name is Robert M. Middlekauff. I am manager of the ways and manpower planning department, on the labor relations staff, Ford Motor Co., Dearborn, Mich.

I am pleased to have the oportunity to appear before your committee and to describe very briefly the Ford Motor Co.'s Detroit innercity hiring program.

Senator CLARK. I understand you got into this after the riot in Detroit, is that correct?

Mr. MIDDLEKAUFF. That is correct. And after the strike against the company by the UAW, which ended late last fall.

Our hiring program was instituted last fall and resulted from the conjunction of several thousand job openings in Detroit-area Ford plants and the company's desire to make a meaningful contribution to alleviating the root causes of last summer's catastrophic violence in Detroit.

As you will recall, in Detroit last year there was also a 66-day strike against Ford by the UAW. The job openings we could anticipate were a combination of those existing at the start of the strike plus an estimate of the number of employees who might not come back to work when the strike ended.

Our recruiting program to help fill these vacancies included two major departures from prior Ford employment practices.

To begin with we actively invited the interest of people who did not normally come to us. Accordingly, for the first time we hired off plant premises—actually in the Detroit innercity. In effect we went to the applicants instead of requiring them to come to us.

Senator CLARK. Did that result in your getting mostly Negroes?

Mr. MIDDLEKAUFF. Yes; almost wholly.

Senator CLARK. Were these all men or were some of them women?

Mr. MIDDLEKAUFF. There are some women, but primarily and far and away the greatest majority are males.

Senator CLARK. These were for working in automotive plants?

Mr. MIDDLEKAUFF. Yes.

Additionally, we suspended a written test that had been one of the normal tools used by us in recruiting.

Senator **Clark**. Was this because you were dealing to some extent with illiterates?

Mr. **Middlekauff**. We understood that many of the Negroes in the innercity, residents of the innercity, perceived that testing was something which they could not cope with. We wished to invite their active participation in this program.

At the same time, we suspended the use of written entrance tests in our remaining plants nationally and have not reinstituted them as of this date. As a matter of fact, we have no present plans of doing so.

A month before actual recruiting began in late October, preliminary planning by the company's labor relations staff was underway. After review with industrial relations managers of our manufacturing and assembly divisions, the final plan included these features:

1. Arrangements to use the interviewing and physical examination facilities at two city of Detroit Community Action employment centers located on opposite sides of the innercity. These centers were selected because they had large numbers of hard-core unemployed registered under a special program operated by the Michigan Employment Security Commission.

That these applicants were hard core is borne out by the fact that 73 percent of them were unemployed when they were hired by Ford.

Senator **Clark**. What were their age groups?

Mr. **Middlekauff**. The average age was approximately 28-plus years, slightly higher than other applicants coming through Ford employment gates for the same period at the same plants, but not through the Community Action program. I think this was basically a function, Senator, of the Community Action Center's desire to place heads of households in jobs first and, as a consequence, we got older applicants.

Senator **Clark**. Were you able to work satisfactorily in cooperation with the Community Action groups?

Mr. **Middlekauff**. Excellent. Without their assistance we would not have been able to run this program.

Of this group 33 percent had been unemployed for 6 months or longer; 20 percent had been unemployed from 3 to 6 months; and the remaining 47 percent were unemployed either for part or all of the 90 days prior to coming to work at Ford.

Senator **Clark**. Did you have any who had never had jobs at all?

Mr. **Middlekauff**. I am not aware of any of those, but perhaps there may have been.

The 27 percent who stated they were employed when interviewed, were for the most part underemployed on such lower paying jobs as carwash attendants, gas station attendants, dishwashers, and other service-trade jobs.

In addition, approximately 80 percent of them were high school dropouts and practically all were members of minority groups.

2. Selection of 12 experienced company industrial relations representatives from participating Detroit area plants for special training in interviewing disadvantaged job applicants.

Third. A revised orientation program in which new employees would get at least a stated minimum of orientation on company time with emphasis on the role of their new job and the help they could expect from the company in retaining the job. We recognize that sound orientation is an important feature of any program designed to properly introduce and assimilate new employees into the work force. We continue to try to improve upon our present program and we are currently developing what we hope will be more effective followup and supportive practices.

Senator CLARK. I suppose orientation involves motivation also. How do you handle that?

We have this OIC program in Philadelphia you may have heard of, which has been very satisfactory. It is run by the Reverend Dr. Sullivan. As a matter of fact, it was started by a group of very dedicated Baptist ministers and has been quite a success.

They spend 6 weeks or so orienting and motivating their people before they actually put them to work in any kind of technical or skilled learning.

How do you handle that problem?

Mr. MIDDLEKAUFF. The orientation I am talking about here is an orientation of a matter of a few hours as compared with the kind of program you are talking about.

At the time when we instituted this program, we were interested in filling jobs and putting people to work. Since that time, we are having some second impressions. We feel that some of these employees could have benefited from the attitudinal-type training you describe. We currently have a program where we have made a proposal concerning it to the Labor Department, under MA-3.

We are planning on introducing a program of the sort you mention.

We stress this business of orientation, Senator Clark, for we feel at Ford that our job is not merely to hire people, but we must also do what we reasonably can to help them make the grade after they are hired.

Senator CLARK. What experience do you have with respect to how long they hold a job once you get them placed in Ford?

Mr. MIDDLEKAUFF. I have some of that data which I propose giving to you in a few moments, if that is in order.

Senator CLARK. Very well.

Mr. MIDDLEKAUFF. Fourth. A series of meetings was then held with our division and plant executives to explain the program and to highlight the need for helping the new employees succeed on the job.

More specifically, members of our staff conferred with the plant manager and the industrial relations manager of each participating Detroit area plant, to explain the program to them and to seek their cooperation.

This was most important for it is our judgment that programs of this sort cannot truly be effective without the complete cooperation and involvement of all levels of management personnel.

That is from the top to the bottom.

Fifth. Development of a program for foremen to acquaint them fully with their responsibilities in helping the new employees make good on the job. It is at least as important to train the supervisor as it is to assist the new employee in becoming adjusted to the industrial environment.

Sixth. In a typical hiring at the centers, the applicant receives help in filling out the application form if necessary and then spends approximately half an hour with the interviewer. The applicant either is hired on the spot, pending a medical examination performed at the center, or is referred to a city social worker for possible assistance in medical rehabilitation or placement in more suitable work. Criminal records are not automatic grounds for rejection. Each case is considered in the light of its particular circumstances.

Seventh. The successful applicant is offered a choice of plants with job openings and then reports to the plant location where final processing—completing employee benefit forms, withholding tax forms and the like—is held to a minimum.

Eighth. Employees who have no personal transportation are provided with bus tickets for the first 2 weeks. If needed, $5 a week pay advances also are available for the first 2 weeks to buy meals in company cafeterias.

So much for how our hard-core recruiting program works. The more important question, of course, is: How well is it working?

At this point, because our program has only been in effect about 6 months, we have only preliminary information on retention rates, attendance, and job performance. But we have enough to go on that we can say that many of the so-called hard-core unemployed can be productively employed.

Incidentally, we also learned—to our embarrassment as well as our pleasure—that the hard core are not unemployed because they don't want to be employed.

In the Detroit ghetto, news of our recruiting program was greeted with an enthusiasm Ford Motor Co. hadn't experienced since it announced the $5 day back in 1914.

When our recruiters opened up shop at the recruiting centers on the first morning, they found block-long lines of applicants that had been forming throughout the night.

We had totally underestimated what an impact our announcement would have on the inner city, and had to send thousands of disappointed applicants back home to wait their turn.

This was necessary, of course, as the centers had scheduled applicants for interview at appointed times, and we had to take them in that order.

Now, for a few comments on their employability. First, let us consider retention rates. Since our program began on October 30, 1967, we have assigned to work in our Detroit area facilities approximately 3,400 referrals from the community action centers. Their retention rate is slightly better than the retention rate of other applicants hired directly at our plants during the same period of time.

On the other hand, their absenteeism has been slightly higher than noted for other employees with similar seniority. We think this was, in part, the result of delays in terminating these employees to give them every opportunity and encouragement to improve their attendance.

Our plant managers have expressed general satisfaction with their job performance and their ability to adjust to the industrial environment. In addition, their direct foremen have evaluated their job performance and find that the majority of these employees are average or above average workers as compared to other hires of the past few years.

So far we have been most pleased with the program. Indeed, it is still operating and we intend to utilize this recruiting source to assist us in meeting our commitment to the National Alliance of Businessmen which is now spearheading the national job drive for the disadvantaged.

What may work for Ford Motor Co., however, may not work for another company in another line of business, in another set of circumstances.

But overall, we feel that we are effectively meeting Ford employment needs and at the same time we have shown that many of the so-called hard-core unemployed are in fact employable.

Senator CLARK. I suppose you would find some skepticism on the part of foremen and others with respect to employees coming through this source as to their capability of doing the work, or not?

In other words, you have a foreman and he is accustomed, I suppose, to having employees recruited through the normal employment practices of your company and suddenly he gets word that you have gone out to the innercity or are hiring hard-core unemployed.

Is he apt to be pretty cynical about it, and must be given orientation himself?

Mr. MIDDLEKAUFF. I think many of them would be less than human if they did not have some skepticism along the lines you described.

Many of our supervisors have been very pleasantly surprised, however, by the results of this program.

Yes, orientation of the supervisor aids in removing some of the skepticism to begin with, and then the results of the program, I think, assist further in reducing his thoughts that these people might not be able to perform up to standard.

Senator CLARK. I see in your statement that when you opened up shop, there were block-long lines of applicants forming throughout the night.

Was that an isolated experience, or does that go on to some extent still?

Mr. MIDDLEKAUFF. No. People now understand the program. It was basically an isolated experience for the reason that we kind of got off a little bit on the wrong foot in terms of the announcement that was made. It was not understood by prospective applicants that we were taking them on an appointment basis at the request of the Community Action Center.

We had to schedule people in that fashion. Once that became known to them, then the lines were removed.

Senator CLARK. I see also that your retention rate is a little better than those hired through your normal channels.

Mr. MIDDLEKAUFF. Yes; that happens to be so. It is still the case currently. It is about 2 to 3 percentage points better.

Senator CLARK. You say you have no doubt that this experiment has been a success; is that right?

Mr. MIDDLEKAUFF. That is correct.

Senator CLARK. There have been some rather unfortunate newspaper stories indicating the contrary.

Mr. MIDDLEKAUFF. I have seen those.

Senator CLARK. Will you tell us your reaction?

Mr. MIDDLEKAUFF. My reaction to it is that those types of articles are inaccurate, that they apparently have been misinformed as to the results of our program. We feel that we have reached the hard core. We feel that at least on the preliminary information we have, based upon 6 months' operation of the program, which, of course, is not a very long period, but on that kind of information, we have been pleased by its results.

I think you measure results in this regard, Senator, by how long these people stay, by their absenteeism, and by their performance ratings.

On all those scores, excepting the absenteeism, they have done at least as well as the other applicants we have been getting through our employment offices in the past couple or 3 years.

Senator CLARK. What is the story on absenteeism?

Mr. MIDDLEKAUFF. Absenteeism is slightly higher. I am not quite sure why that is. We think in part it is the function of the urgings of supervision by those of us who have tried to implement the program to bend over a little longer. Perhaps they are taking longer to get rid of people with bad absentee records than they might otherwise do.

Senator CLARK. Senator Javits, have you any questions?

Senator JAVITS. There is one thing that occurs to me.

Apparently, your company did most of this or all of it without Federal reimbursement; is that right?

Mr. MIDDLEKAUFF. That is correct. There have been no funding arrangements with the Federal Government.

Senator JAVITS. What is your analysis of that situation? Do you think we have to make funding arrangements in order to get large companies to undertake this kind of training, or don't we? What do you think about it?

Mr. MIDDLEKAUFF. I hesitate to speak for others. I came down to describe the Ford inner city programs. I would say this, that if we are in fact reaching the hard core, which we believe we are and are told so by the community action people, we find that for the types of jobs that are available on an entry level in the automotive industry, at least at Ford, that very little, if any, skilled training is required.

Basically, a few hours or a few days of on-the-job training are sufficient and adequate to take care of that. We are having some second guesses at this point in time as to whether or not some of these people might not benefit by attitudinal training, and we currently have a proposal filed with the Labor Department under MA–3 to try an experimental and demonstration program with the very lowest range of the unemployed who don't meet our standards now, to see if we can't do something in that regard.

Senator JAVITS. Can you help us in any way with this question, which naturally troubles us: Is financial reimbursement really required to make material inroads into training of the hard-core unemployed; or isn't it?

If it is in part so, could you give us any help with it at all?

Mr. MIDDLEKAUFF. I suspicion that the basis, if any, for the involvement of the Government in terms of funding arrangements has to do with those types of costs that one might define to be extraordinary, above and beyond, of a subsidy sort.

So far, our experience at Ford has not indicated on the skilled type training that that type of assistance from the Government has been required.

I did mention we may be having second guesses with respect to the attitudinal training, the industrial deportment type training, if you will.

On that one, I am not at all in a position to say whether it is necessary. We are still exploring, like many others, but we do plan on having a demonstration project to help us arrive at a proper judgment on that question.

Senator Javits. What do you call attitudinal training?

Mr. Middlekauff. I guess it has to do with deportment, with understanding the ways of the industrial environment as opposed to the ghetto culture and mores where these people come from who we are talking about; methods of dress; that have to do with financing; perhaps marital kinds of counseling; garnishments; taxes—this type of activity; grooming.

Senator Javits. Well, rehabilitation, really.

Mr. Middlekauff. Yes.

Senator Javits. Do you have any feeling about whether financial or tax inducements are better under these circumstances?

Mr. Middlekauff. No; I haven't. That is a little bit out of my area of interest at the company and I must confess that I am mostly unprepared in that I only was invited here last Friday.

Senator Javits. That is what we understand.

Could you do us this service: Could you complete the record with some memorandum as to the views of the company, based upon its experience, with respect to the need for reimbursement, as to the desirability of providing an alternative of tax benefits, and whether or not the more automatic aspect of the tax benefit might or might not be a more efficient way of reimbursing the company than the payment basis?

So if you can, and it is not a mandate, we are not subpenaing you, if you could help us with some considered judgment based upon the company's experience on these questions that I ask you, we would greatly appreciate it.

I won't even provide a stipulation that it go into the record. If you do decide to answer, then I will see that it gets into your testimony.

Mr. Middlekauff. I will see what I can do.

Senator Javits. The option is entirely yours and that of the company. You are not prepared for this and we are not trying to catch you by surprise, or get you to make a commitment you are not authorized to make.

If you could do this, though, I think it would be very helpful.

That is all, Mr. Chairman.

(The 1967 testimony of Mr. Henry Ford II, before the Senate Finance Committee, supporting the concept of tax credits to industry for hiring and training the disadvantaged, was supplied to the subcommittee and is available in its files.)

Senator Clark. Thank you very much for your most helpful testimony. We appreciate your coming here on such short notice.

Mr. Middlekauff. It is my pleasure.

Senator Clark. The subcommittee will stand in recess until next Tuesday at 10 a.m.

(Whereupon, at 12:05 p.m. the subcommittee recessed, to reconvene at 10 a.m., Tuesday, May 21, 1968.)

EMPLOYMENT AND TRAINING LEGISLATION—1968

FRIDAY, MAY 24, 1968

U.S. SENATE,
SUBCOMMITTEE ON EMPLOYMENT,
MANPOWER, AND POVERTY OF THE
COMMITTEE ON LABOR AND PUBLIC WELFARE,
Washington, D.C.

The subcommittee met at 9:40 a.m., pursuant to recess, in room 4200, New Senate Office Building, Senator Joseph S. Clark (chairman of the subcommittee) presiding.

Present: Senators Clark and Prouty.

Committee staff present: Michael W. Kirst, professional staff member to subcommittee; and Robert E. Patricelli, minority counsel to subcommittee

Senator CLARK. The subcommittee will resume its sessions.

This is the final hearing on three bills, S. 3063, the Employment and Training Act of 1968, introduced by me and a number of other Senators; S. 2938, amendments to the MDTA Act of 1962, submitted by the administration, and S. 3249, the National Manpower Act of 1968, introduced by Senator Javits and others.

Our first witness this morning is the Honorable Howard Samuels, Under Secretary of Commerce, called at Senator Javits' request.

I regret that Senator Javits is not here, but this is the second time we have inconvenienced Mr. Samuels by asking him to come up here, and I think the best way to proceed, Mr. Secretary, is to ask you to introduce your colleague, if you will, now.

STATEMENT OF HON. HOWARD SAMUELS, UNDER SECRETARY, U.S. DEPARTMENT OF COMMERCE; ACCOMPANIED BY HON. ROSS DAVIS, ASSISTANT SECRETARY OF COMMERCE FOR ECONOMIC DEVELOPMENT ADMINISTRATION

Mr. SAMUELS. Thank you, Senator Clark. I have with me Assistant Secretary Ross Davis, who is head of our Economic Development Administration, so that if any members of your committee have any questions on EDA, you might ask him.

Senator CLARK. Very happy to have you with us, Mr. Davis.

Mr. Samuels, pursuant to our request for you to give us the benefit of your views, you have prepared an elaborate and very interesting statement, which I will ask to have printed in full in the record at this point.

(The prepared statement of Mr. Samuels follows:)

PREPARED STATEMENT OF HOWARD J. SAMUELS, UNDER SECRETARY, U.S. DEPARTMENT OF COMMERCE

Mr. Chairman and Members of the Committee:

This is my first appearance before this Committee and I want to thank you, Mr. Chairman, for inviting me to comment on these important bills. I have studied the legislative history of the development of our national manpower policy and program and I believe the record is abundantly clear in documenting the great contributions made by this Committee during the past decade.

The thirteen questions attached to your letter of April 25, 1968, have been answered in detail and—together with the appropriate exhibits—are attached to this statement.

My statement, which transmits our detailed responses to your questions, will, therefore, be quite short. I would like to open by commenting upon the three items of proposed legislation mentioned in your letter.

With respect to the legislation, I recommend and urge prompt enactment of S. 2938.

Since coming to Washington late last year, I have had considerable exposure to the manpower program and I believe extension of the authority for this effort is essential. This seems especially true in light of the realities of the day which seem to limit national resources available for new efforts. We must, I believe, extend and increase programs which *can* be carried out within existing constraints.

Further, I believe the JOBS (Job Opportunities in the Business Sector) Program . . . which is being carried out by the National Alliance of Businessmen . . . *can* and *will* succeed in its goals if S. 2938 is passed. I recognize that programs such as JOBS are permissible under the other bills being considered by this committee, but the measures proposed by President Johnson in his message to the Congress of January 23, 1968, are effective and practical programs which can be achieved most efficiently under S. 2938. For these reasons, therefore, I wholeheartedly join Secretary Wirtz and other Administration officials who have appeared before this Committee and asked for affirmative action on S. 2938.

I also join Secretary Wirtz in his statements about S. 3249 and S. 3063. We certainly support the full employment goals of these bills, but it is of questionable utility to consider these approaches at a time when the national commitment to pass and finance them are so clearly beyond reach.

In other words, I urge the extension and limited expansion of our present programs while we set about the major task of encouraging a national commitment which demands new solutions and new programs and which expresses the willingness to pay for them.

We can do this without any sense of apology because the record of this Administration in the manpower field is clearly one that has been unequaled. The great strides that have been made in putting Americans to work over the past five years were outlined by the President in his Manpower Message on January 23 of this year.

In this connection, I would like to comment on what may well prove to be an historic development in American government . . . the National Alliance of Businessmen. The Alliance is a manifestation of the fact that powerful and influential new institutions can be created through private and public partnerships aimed at the solution of national social problems. I know that the Committee has asked Mr. Leo C. Beebe, Executive Vice Chairman of the Alliance, to testify and I don't want to cover the same ground he will, but I do want to emphasize two important points which the existence of the Alliance seems to prove—

> The private busines community of America *is* willing to step forward and join government in the urgent tasks ahead; and
>
> Business leaders throughout the nation, through their commitment to the Alliance in their cities, are helping to generate in America the new will and commitment which is going to be necessary before massive new approaches can be mounted.

Without further introduction. I would now like to turn to the specific questions the Committee submitted to the Department of Commerce.

1. *Question:* Experience under prior programs indicates that for the JOBS Program to retain disadvantaged employees, there will have to be training of supervisors and extensive supportive services. Are you satisfied with the amount of technical assistance businesses are receiving under JOB's?

Answer: Yes. The National Alliance of Businessmen conducted a prototype supervisors' workshop on April 5, 1968, in New York City. The workshop was attended by approximately 50 supervisors from at least 25 companies.

As a result of the success of the prototype meeting the Alliance has suggested that each of its offices sponsor a supervisors and managers workshop for employers in its area. These workshops should begin in late May or early June. Attachment "A" is a two page description of the workshop. In cooperation with the American Society of Training and Development the Alliance is upgrading such efforts.

In addition the Department of Labor's MA-3 contract, which is being marketed by the National Alliance of Businessmen, provides for funding of a broad range of supportive services, including supervisory and management training. In the March 15, 1968, RFP (Request for Proposal) of the National Alliance of Businessmen the following statement appears: "Costs which are allowable include, but are not limited to, skill training, basic and remedial education, counseling and testing, minor medical and dental expenses, transportation, wages paid during class-room training, productive differentials, and certain other costs such as, administrative overhead, sensitivity training for company supervisors and officials, etc."

Question: What is the Department of Commerce's role in JOBS?

Answer: The National Alliance of Businessmen had its genesis in the Department of Commerce. And as you now the success or failure of the JOBS Program is a function of the viability and effectiveness of the National Alliance of Businessmen.

The Alliance is a manifestation of the fact that powerful and influential new institutions can be generated by a synergistic melding of private and public resources.

And this can be done without the building of a bureaucracy. In fact the Department of Commerce has approximately 15 employees on full-time loan to the National Alliance of Businessmen at this time—just the opposite of building a Federal bureaucracy.

Our continuing role is not to control the activities of the Alliance but to enhance it. Wherever possible we are promoting the interests and the efforts of the Alliance in whatever they request. The National Alliance of Businessmen truly represents a new and exciting private attack on public problems. The Department of Commerce is proud to have played a part in its creation and continuing accomplishments.

2. *Question:* What is your view on proposals for tax credits for industry as an incentive to locate in the slums? How high must the tax incentive be to be an adequate incentive?

Answer: I don't think there is any simple answer to the question, and considerable comparative research must accompany each tax credit proposal in order to determine whether it is in fact the cheapest and most effective way of accomplishing our public purpose.

Perhaps an even greater difficulty with any tax proposal is that it is difficult to enact into law, and frequently even more difficult to repeal; yet, clearly such incentives must be related to specific conditions and current needs. An incentive which may be useful when it is initially conceived can become subject to abuses later on, so that its costs become exorbitant in relation to its benefits.

An example of this last situation is the excessive use of tax-free industrial revenue bond financing in recent years, which finally became so widespread that it was doubtful whether any State or region was really benefitting substantially; yet, the revenue loss to the U.S. Treasury was tremendous. Clearly, in this situation, some sort of direct financing program or alternative tax incentive to influence industrial location was preferable to the existing system, even though the new system has yet to be devised.

I recognize that the National Advisory Commission on Civil Disorders, principally through Mr. Thornton's panel on private enterprise, endorsed tax incentives for the solution of urban problems and particularly for training and employing the hard-core unemployed. Just before this Report was issued, we launched the National Alliance of Businessmen which is striving to achieve the same worthy goals but under legislation such as S. 2938. I have not seen exhaustive analyses of the Commission's tax incentives proposal. But before considering such a drastic change in the direction of our national efforts to solve urban problems, I believe we should give the National Alliance of Businessmen adequate opportunity to see if their concepts can achieve the desired goals. I firmly believe the Alliance will be successful, and I recommend that consideration of such incentive programs be postponed until such time as the results of this new National effort can be analyzed.

3. *Question:* What have been the results of your evaluation of the Test Program? What is the future of the Test Program? We have been told that private industry's reception of the Test Program encouraged the Administration to start JOBS.

Answer: In three months of active stimulation of industry to provide jobs for the hard-core unemployed and five months of follow-up and processing of proposals the Test Program provided 8,454 jobs for the hard-core unemployed. Of these, 7,074 jobs were created in the five designated test cities—Washington, D.C., Boston, Chicago, Los Angeles and San Antonio. Proposals from companies in other cities provided 1,380 jobs. To accomplish this, William E. Zisch, who testified last week before this Committee, and staff personnel from various Federal agencies visited, telephoned or wrote letters to the 500 largest U.S. companies asking for solutions to the problem in the five test cities. Meetings conducted in the five cities carried the message to 1,850 companies. In all, more than 2,000 companies were asked to participate. Numerous responses and queries were received that developed into 183 proposals or expressions of strong interest. To date twenty-five contracts for training have been awarded, four SBA loans provided for expansion of small businesses and six SBA Section 8a procurement contracts have been awarded. A number of proposals are still in process and others have been converted to MA-3 proposals under the JOBS program. A list of companies showing forms of Government assistance provided is attached. See Attachment B.

Although qualitative analyses are difficult at this early date, some company reactions indicate the climate that is developing. A company that initially planned a facility with 110 jobs already is planning to expand to 1,000 or more jobs. Another company starting with 200 jobs plans to accelerate their input schedule and expand to 500. Several companies have reported individual performance beyond expectation and a number of companies have reported superior attitudes toward jobs compared to employees hired under conventional circumstances.

The Test Program concept of having industry provide jobs and training in that order was expanded to the JOBS Program. Since Labor Department training contracts provided the generally accepted basis for employment of disadvantaged persons, the National Alliance of Businessmen has joined forces with the Department of Labor to provide the largest number of jobs in the shortest time. This program, expanded to fifty cities, replaced the Test Program.

4. *Question:* Witnesses before this Committee have asserted that we cannot perpetually administer a large scale OJT program through individual contracts with each employer. These witnesses claim the long run solution must be institutional training centers. Do you agree?

Answer: I believe that with programs such as the Test Program and JOBS industry will respond to the emergency requirement for immediate employment and training of people who have been unable to acquire the education and skills associated with gainful employment. This approach, however, is not a permanent solution. Concurrently with these emergency measures we must revamp and revitalize our educational system to provide for alternatives to our classic education. Our educational system must stop adding annual increments of disadvantaged young people to our society. A Nation determined to provide equal opportunity to all of its citizens is basic to the long term solution.

The interim solution lies in continuing the kinds of programs now available. We must have a variety of solutions to fit the specific problems of any given community. In some cases institutional training will provide the solution. In other cases OJT may be required for follow-on development. In still others the best procedure may be to employ and train in a single facility. While institutional training has potential advantages of training large numbers of people at relatively low cost, it requires placement action following completion of training, and it is often difficult to achieve sufficient motivation in a classroom environment.

5. *Question:* Would you comment on two aspects of S. 3249? (a) Tax credits of a portion of an employees wages; (b) An economic opportunity corporation.

Answer: (a) I would like to let my comments under Question 2 (above) stand as an answer to Part (a) of this question.

(b) As I understand it this question refers to Title V of S. 3249 and proposes a non-profit corporation to provide information on financial and technical assistance to organizations in the private sector which are willing to participate in manpower training and poverty programs.

In general, I would like to mention that another seemingly independent quasi-governmental corporation to deal with urban problems raises the question whether an additional funding source on top of the hundreds of other Federal programs available to cities is really the solution to the problem. Something along the lines of a National Economic Opportunity Corporation may become desirable at some time in the future. But creating an additional layer and an additional mechanism at this time would increase the already highly complex interagency coordination problem.

There is probably no one best solution to the economic problems of our cities. What we need to strive for is a set of flexible program tools that can be tailored to meet the various needs of cities in this Nation. Now we find that Federal assistance to the cities is administered through too many narrow functional grant-in-aid programs with a number of Federal agencies, each with a slightly different point of view on how the problems of the cities may best be attacked, carrying out its separate grant-in-aid programs that have been shaped by the actions of separate committees of Congress. This problem with Federal assistance programs was addressed by the President in his message on "The Quality of American Government." He has directed the Administration and the Bureau of the Budget, in particular, to develop legislation to overcome this problem. S. 2981 the proposed Joint Funding Simplification Act, would carry out some of the present objectives in this area.

My view then is that we should be striving on the one hand for a national urban policy that sets forth our goals, objectives, and strategies so that the efforts of the many Federal agencies involved in this problem might be made more effective. On the other hand, Congress and the Administration should be working to develop much more flexible program tools, rather than to merely add a few additional tools to the present Federal effort.

A third element that is necessary if we are to make an impact on solving the problems of our cities is to fund the programs we now have, or the more flexible programs developed in the future, at levels adequate to do the job.

6. *Question:* How are the programs of EDA coordinated with other manpower programs?

Answer: EDA is involved in projects for manpower development. These projects are concerned with training the hard-core unemployed to qualify for jobs, assisting marginal or unemployed workers to find more permanent pobs, providing better transportation for workers, and improving job information services.

To implement Section 241 of the Manpower Development and Training Act of 1962, as amended, 22 million dollars was authorized to be appropriated for FY 66 for manpower development and training in EDA designated redevelopment areas. The responsibility for coordinating the training program with EDA activity in designated areas is held by the Training Division within the Office of Technical Assistance. This Division stimulates training activity leading to employment with industries locating in industral parks which have received funds under Public Works and with firms benefiting from EDA Business Loans. The Training Division also coordinates training programs connected with vocational centers and skills receiving Public Works funds.

7. *Question:* What is the experience of the Commerce Department, with its close ties to American business, with regard to the desire of business to engage in antipoverty programs? Is business now ready to move widely into this field? Are further inducements, in the form of reimbursements or tax credits, necessary or desirable? Are there any particular guidelines which should be followed in dealing with business in this regard?

Answer: In answer to the first part of this question I can state without fear of documented contradiction that American business is ready and willing to engage in meaningful economic solutions to the problems of the disadvantaged. One need only point to examples such as the Urban Coalition, the National Alliance of Businessmen, the new programs of the National Association of Manufacturers, the increasing educational programs of the American Management Association, the literature and programs of the U.S. Chamber of Commerce and the endless list of American business leaders who are quoted in the press and other media with respect to their views on solving this problem. In fact the attitude has even changed so that business' willingness to participate is not a question. In the May 4 issue of Business Week an American Telephone and Telegraph Company report is quoted: "The question of whether or not a company participates in programs designed to provide job opportunities for Negroes is no longer appropriate. The question today is how it should participate."

Further inducements are necessary, and I believe such inducements should be in the form of lease and loan guarantees, interest subsidies and training cost reimbursements, such as under MDTA, rather than tax credits.

Some businesses are reluctant to move into antipoverty programs (hiring) for a number of reasons. Uncertainties of union relations, conflict between guaranteeing jobs and union seniority, demands for "meaningful jobs" requiring placement of unqualified new personnel in higher level jobs than some qualified employees, minimum wages acceptable (not just Federal minimum wages) far in excess of productivity and high costs of operating in slum areas are some of the significant factors behind the hesitance to provide jobs for the hard-core unemployed.

I believe the best guideline to follow in dealing with business in this regard is that we maintain our policy of reimbursing businesses for the added costs and added risks involved in dealing with this problem. Further, we should, in every case, try to be as flexible as possible so that each company can work toward its own local solution in its own way without impairing its economic and competitive relationships in the market place.

Question: What was the experience of the Department of Commerce in supplying one-stop service to business in connection with manpower programs? Is this kind of service effective? desirable?

Answer: One-stop service did not achieve its original objective of providing commitments on all forms of Government assistance in a single joint meeting of contractor and Federal agencies. The concept, however, did achieve remarkably short processing time when compared to normal relationships with a host of agencies. Because of high organizational level at which proposals were processed within each agency and the high priority placed on the program by the President, processing time within agencies was reduced to a bare minimum. The one-stop initial meeting served to initiate processing in all agencies at one time, provided the opportunity to clarify concepts and concluded with the urgent requirement on affected agencies to implement a proposal already approved in concept. Inherent in the one-stop service was the responsibility of the Department of Commerce for coordinating the actions of the various Federal agencies. Of the factors mentioned those essential to rapid processing of industry-multi-agency relationships are high program priority, high organizational level for processing and a single coordinating agency.

The JOBS Program avoids this requirement and concentrates on Department of Labor training contracts to offset added costs of hiring the hard-core disadvantaged.

9. *Question:* What is the proper role for urban economic development activities—i.e., assistance to companies to locate or maintain establishments in or near ghetto areas which can provide jobs to ghetto residents? Would legislative amendment of the EDA's authority in this regard be desirable?

Answer: In response to the first part of this question, I refer to my letter of April 18, 1968, to Senator Javits in which I explained the Department of Commerce's view of the Federal response required to solve our urban economic problems.

A FEDERAL URBAN STRATEGY IS NEEDED

Individual Federal agencies cannot pursue disparate approaches to solving the problems of the cities and expect to bring about the extensive changes which are required in the social economy and physical structure of both the inner city and the metropolitan areas. What is needed is a comprehensive National urban policy. For the most part, each existing grant-in-aid program is developed to solve a narrow or very specific need, at a specific time. There is no general policy direction to relate these programs to each other, to assign priorities, or to provide a framework with which their overall impact can be evaluated. The net result has been less than successful, as the recent civil disturbances bear out.

Most programs currently aiding the cities have been placed in a very narrow context. That is, they have been designed to improve the quality of life within existing poverty areas. While this is an admirable goal, it has obscured the need for programs to eliminate the causative factors, factors which are frequently beyond the control of the poverty area itself, or even the city. The Department of Commerce feels that programs which, in effect, "gild the ghetto" are not sufficient to overcome the divisiveness within our society.

Further, the need for a national policy does not mean that the individual characteristics of each locality are to be ignored. All cities cannot be treated identically. Local strategies and local plans are needed for every major urban area of the United States. The recently organized CAMPS (Cooperative Area Manpower Planning System) Program will go a long way toward improving coordination. The development of these local plans of action should not focus on the central cities or their poverty areas alone, however. Solving the problems of the major cities will require a metropolitan area-wide approach. This is especially the case for employment and economic development. Job opportunities are increasingly being found in the suburbs, and a rational solution to urban unemployment must involve opening up both suburban jobs and housing to

The National Advisory Commission on Civil Disorders recommended programs aimed at job creation for ghetto residents of the Nation's central cities. "Unemployment and underemployment are among the persistent and serious grievances of disadvantaged minorities," the Commission said. Its report cited three basic choices for the future to overcome the present and potential economic problems of the center city:

(1) Ghetto enrichment;
(2) Ghetto dispersal; and
(3) Urban alternatives for ghetto bound migrants.

In fact, these are not alternatives, at least in the short run. Each must be pursued in order to reach all of the underemployed and unemployed.

In line with the Commission's recommendation, the Commerce Department has proposed four broad strategies to organize programs designed to resolve the economic and unemployment problems of the urban poor.

(*1*) *Bring new jobs to the central city*

This approach would involve stimulating public and private investment in the poverty areas of central cities. Included in this strategy are programs designed to defray the extra costs of central city production operation which employs an unskilled or semiskilled work force, encouragement of entrepreneurship among ghetto residents, job training, and other programs aimed at providing poverty area residents with access to the economic system. This approach is likely to be one of relatively high-cost and with only limited effect on the overall central city subemployment problem.

ECONOMIC SOLUTION TO URBAN PROBLEMS

(*2*) *Provide ghetto residents with access to suburban job locations*

Various data indicate that the private market is generating new jobs for the semiskilled and unskilled in suburban locations at a much faster pace than in the central city; however, poor, inner city residents cannot afford to seek this employment due to high transportation costs or lengthy daily commutes. The Federal Government could greatly expand its support for the development of balanced transportation services from the central city to suburban locations and thereby open up existing jobs to them. This is prob-

the residents of the central cities' ghettos.

ably one of the lowest cost ways of assisting present ghetto residents to secure employment. A program with the combined objective of opening up suburban job opportunities to ghetto residents and providing transportation to and from these jobs would be a first step in reducing the heavy incidence of subemployment in the central cities.

(*3*) *Eliminate the poverty areas of the central city*

The preferred solution to the dual problems of discrimination and poverty would be to eliminate the urban ghetto, as we know it, by assimilating present poverty area residents into the economies of suburban and rural communities.

This approach involves programs designed to encourage the migration of ghetto residents to locations in the suburbs and to rural growth centers where jobs are available and job opportunities are growing. Housing programs (including rent supplements, public housing, and new towns), job information service, and relocation assistance would be needed. In addition, subsidies to local governments could be made to those areas assimilating

in-migrants. These subsidies would defray extraordinary public investment costs and efforts to accelerate community growth which provide jobs for the unskilled.

(4) *Provide an alternative to the ghetto as a destination for rural migrants*

Even without the migration of rural poor to the center cities, projections indicate that the economic growth rate of many urban core areas will be insufficient to provide employment for the increase in population. When the problem of migration is added, it is clear that the Nation must develop some alternative locations which do or can have a sufficient growth rate to absorb exogenous population. An important program component for this strategy is the Economic Development Administration's work in developing new job opportunities in rural areas and growth centers. This program is designed to provide urban economies. It can also be used to create new employment opportunities and, therefore, location alternatives to the central city poor.

THE GOALS OF THE CENTRAL CITY STRATEGY

In considering how to implement the first strategy, the programs for bringing more industry and more jobs into the central cities, it is important that we keep in mind the three separate reasons for doing this.

First, increasing the level of economic activity in the central cities is good in and of itself (aside from the employment of the poor) because it permits the city to survive. The city serves as a center for the economic and cultural affairs of the Nation, and it is important that it remain economically viable.

Second, new jobs will increase the income and, therefore, the well-being of the central city poor.

Third, developing new entrepreneurs among the disadvantaged minority groups of the central city will help develop a new cadre of community leadership which will be invaluable in developing long-run solutions to the problems of poverty and discrimination.

FEDERAL EFFORTS ARE NOT ENOUGH

Concerted action by a number of Federal departments is vital in the implementation of the strategies mentioned above. A panoply of Federal housing, transportation, education, health, and welfare programs will be needed to make the above strategies successful. Yet, without a major commitment by the private sector, and state and local governments, Federal programs cannot succeed. Even during a period of international calm, Federal resources for domestic purposes, unless linked to and supported by substantial private investment, are insufficient to deal with the national unemployment and poverty dilemma we face.

As to the legislative authority required to enable EDA to effectively assist the Nation's central cities in creating job opportunities for the poor and unemployed, let me begin with the stating that we are in complete agreement on the need for a more vigorous program. This has long been a missing or weak element in the development programs of most cities. In the Department of Commerce, we have been working with local officials and business and community leaders in several cities to help them establish and carry out economic development programs. EDA has made substantial grants and loans in some of the large cities that are designated. The Commerce Department, as my earlier testimony makes clear, was instrumental in the establishment of the National Alliance of Businessmen and their JOBS program.

There are several components which are not now present for mounting a massive urban economic development program by EDA. First, EDA cannot provide the full range of its assistance programs to most large cities because of the designation criteria contained in the Public Works and Economic Development Act. Also, the fiscal resources presently at the disposal of the Economic Development Administration are insufficient to assure the success of even a modest new urban program. Both of these missing elements would have to be provided before EDA could focus its attention on urban areas.

10. *Question:* The amendment to the Special Impact program last year made areas selected for Special Impact assistance eligible as "redevelopment areas" within the meaning of the Public Works and Economic Development Act of 1965. Yet, the Department has indicated that it will not use this new authority and re-allocate priorities with EDA expenditures to place a greater emphasis on urban economic development, despite the fact that it is spending relatively little money in these areas. Why was this decision reached? Is not a greater emphasis on urban programs desirable?

Answer: The position of the Department of Commerce with respect to the use of the authority in Title I–D of the Economic Opportunity Act as a means of extending EDA's programs to the cities is that we will provide assistance where it is possible to mount a comprehensive, coordinated economic development effort. We will not fund a few individual projects scattered about a number of Special Impact areas. Further, we will not as a matter of course provide assistance to all past, present and future Special Impact areas, but we will consider each area in terms of the possibility of organizing an effective economic development process which is backed by sufficient resources to assure some chance of success.

The Department of Commerce is fully aware of the problems faced by the Nation's urban areas. And as I stated in my letter to Senator Javits of April 18, we would be anxious to provide further assistance were the resources available. However, given the constraints of legislative authority and funding which I described in that letter, EDA would not now be able to materially aid an additional number of major urban areas.

11. *Question:* A great deal is being said about the desirability of stimulating minority group ownership and entrepreneurship in connection with job training and other Federal programs. Do you believe the Federal government should devote greater effort to this approach? What directions might such an effort take?

Answer: Yes. I believe the Federal government can and should devote more effort to this approach, and I believe the direction of such an effort might well take the form of a joint partnership between government and the private sector as has been the case with the National Alliance of Businessmen. I am not suggesting the creation of a new organization or bureaucracy. What I believe to be an essential first step is a mechanism pulling together all the interested elements of the Federal government, universities, foundations and other organizations to develop a national strategy and plan.

New tools for such an effort, I believe, should be those which provide for cost reimbursement and follow the guidelines which I mentioned in my answer to Question 7 (above). In addition to an increased variety of tools to deal with this problem, I believe that the government must organize itself to establish a definite response to this national need. At the present time the principal agencies involved in this effort are the Small Business Administration and the Economic Development Administration, although HUD, HEW and the Labor Department have substantial interests in the field. We are currently working out ways to better coordinate the activities of these agencies and to develop programs which include the greatest possible participation from the private sector.

12. *Question:* Do you think that the approach taken with the NAB—that of setting up a business-based corporation to conduct liaison between government and employers—should be pursued in other substantive areas aside from manpower training?

Answer: I think there is great potential for this innovative type of approach and that it can be pursued in areas beyond manpower training. As the National Alliance of Businessmen proceeds towards its goals, we in government will learn more about the problems of such an organization and the virtues of its approach. As I suggested in my answer to the preceding question, one such step could be the creation of a group to handle the increasingly urgent call for minority business opportunities. From these lessons I believe we will be able to develop other similar attempts in areas of national need such as, perhaps, housing and education. Depending on the experience of the National Alliance of Businessmen with the Departments of Labor and Commerce, other government agencies, such as HUD and HEW, may choose to encourage this approach in their own fields.

13. *Question:* Would some type of government guarantee of mortgage financing in the area of business and commercial ventures in or near ghetto areas be desirable, in the same way in which such guarantees are available (through the FHA) for residential construction?

Answer: Yes. At the present time the Small Business Administration has programs along these lines. I believe that, as we increase our knowledge and efforts in the area of minority entrepreneurship, along the lines of my answer to Question 10, we will be able to propose the details of expanding such mortgage guarantees in order that they can be more widely applicable.

ATTACHMENT A

Supervisors' and Manager Workshops

This is a systems approach intended to help first-line supervisors and managers to deal effectively with hard-core employees.

The system consists of three related phases:

PHASE I—ORGANIZATIONAL PREPARATION SEMINAR

This Seminar will be offered to key executives responsible for the success of the JOBS–NAB Program in their company and key managers responsible for guiding the company's hard-core employment activity. The objectives of this Seminar is to introduce the training approaches which will be used with the first-line supervisors and managers. Also there will be an emphasis on ways the key executives and managers can follow-up and reinforce the training in Phases II and III to insure maximum success of the program.

PHASE II—INSTRUCTORS COURSE (FOR THE SUPERVISORS' WORKSHOP)

An intensive one-day supervisors' workshop has been developed for supervisors working with the new hard-core hire. Rather than conduct the workshops directly, there will be available a two-day workshop (in each of the fifty NAB cities) for two selected supervisors from each participating company so that this training can be offered in-house for supervisory personnel. Companies not large enough to invest in an instructor directly, may want to provide instructors in conjunction with other small companies. Instructors will return to their companies with an Instructors Manual, films to be used in the one-day supervisors workshop and tapes of all lectures to be given.

PHASE III—INSTRUCTORS COURSE

(*For the Managers' Workshop*). This phase will involve training of selected managers in a company to conduct a three-day managers' workshop on minority group attitudes, employment, and ways to assist first-line supervisors in their roles of working with the hard-core unemployed. This will be a four-day experience exploring in depth the management workshop design as well as attitudes and how they affect business operations.

Summary of test program as of May 6, 1968

Companies contacted directly:	
Largest U.S. companies (personal meetings, phone calls, letters)	500
Companies in test city meetings	1,850
Total	2,350
San Antonio	350
Boston	200
Chicago	400
Washington	500
Los Angeles	400
Total	1,850
Proposals received (includes expressions of strong interest)	183
MDTA contracts awarded	25
Total jobs established	8,454
Boston	896
Chicago	3,040
Los Angeles	1,075
San Antonio	595
Washington, D.C.	1,468
Other cities	1,380

List of participating companies attached.

STATUS REPORT ON "TEST" PROGRAM

DEFINITIVE CONTRACTS

City	Contractor	Trainees	Estimated total cost	Cost per trainee	SBA loan	Sec. 8a procurement	Other procurement
Los Angeles	Plastic Pak	315	$1,000,000	$3,174			
Boston	AVCO	232	1,148,400	4,950			
Do	Raytheon	174	626,008	3,579			
Do	Massachusetts Health Research Institute.	100	269,707	2,679			
Washington, D.C	FAIRMICCO	64	112,242	1,753	$235,000	$244,290; wood pallets. $73,165; cable assembly.	
Do	Southland Corp	4	3,100	775			
Los Angeles	Bubble-Up	310	1,000,000	3,226			
Do	Watts Manufacturing Co	400	560,442	1,151		$1,849,087; tents	
Chicago	Rauland Corp	2,400	1,886,689	786			
Do	Gran-Mother's Bakeries	200	706,113	3,530	250,000		
Do	Renewal Enterprises	240	387,474	1,810			
Boston	EG&G Roxbury, Inc	190	575,630	3,030			
San Antonio	Universal Plastics	150	358,509	2,391	225,000		
Minneapolis	Control Data	490	1,040,446	2,124			
Total		5,267	9,674,890				
Average cost per trainee				1,829			

LETTER CONTRACTS

City	Contractor	Trainees	Estimated total cost	Cost per trainee	SBA loan	Sec. 8a procurement	Other procurement
San Antonio	Thiokol	100	$380,000	$3,800			
Do	General Dynamics	200	765,000	3,825			Support F-111 aircraft production.
Boston	do	200	622,275	3,111			
Los Angeles	General Plasma Association	50	120,000	2,400			
Stanford	JOBS, Inc	250	614,475	2,459			
Washington, D.C	Washington Building Trades	1,400	5,600,000	4,000			
Do	United Air Lines						
Chicago	do						
Los Angeles	do						
San Francisco	do						
Seattle	do						
Denver	do						
Detroit	do						
Cleveland	do						
Pittsburgh	do						
New York	do						
Newark	do	[1]640	1,122,899	2,000			
Chicago	Jewel Food Stores	200	131,775	658			
Total		3,040	9,356,424				
Average cost per trainee				3,077			

LETTERS OF INTENT

San Antonio	Steves Sash & Door	10	$20,885	$2,089			
Do	Superiod Aluminum	25	38,509	1,929	$150,000		Ground support equipment for Lockheed-Georgia.
Do	Lockheed	110	647,570	5,887			
Total		145	706,964				
Average Cost Per Trainee				3,000			

IN PROCESS

San Antonio	LTV Aerospace Industries	150	$470,000	$3,800			Support A-7 aircraft prod.

COMPANIES RECEIVING ASSISTANCE EXCLUSIVE OF TRAINING CONTRACTS

San Antonio	East Side Bakery	50			[2] $35,000-$55,000	$104,588; pastries.	
Los Angeles	State Industries	[3] 317				$1,305,425; tents.	
Norfolk, Va	Elsworth Manufacturing Co	[3] 300				$1,305,425; tents.	
Chicago	Elegant Garments, Inc	46				$137,500; cloth bats.	

---

[1] Total.

[2] In process.

[3] Aid necessary to retain these hard-core employees.

Note: Other forms of Government assistance: SBA has accepted prime contracts from DOD and in turn negotiated subcontracts under sec. 8a of the SBA Act with 6 companies. In general this assistance was in addition to labor training contracts but in one instance the prime contract plus an SBA loan was sufficient to create 50 jobs. Sec. 8a contracts have been used to maintain recently created jobs in several instances. Small SBA loans played an important part in creating jobs in 4 companies Other Government procurement assistance such as hard-core area set-asides and expansion of defense contractor facilities into hard-core areas played an important part in creating jobs. The latter are shown here but set-aside reports are not consolidated at DOD level.

Senator CLARK. Senator Javits has submitted six questions in writing, and since he is not here, I suggest that I hand them to you herewith, and ask you to respond to them in writing at your convenience.

Mr. SAMUELS. Thank you, Senator Clark.

(The information referred to above, subsequently supplied, follows:)

RESPONSE OF HOWARD J. SAMUELS, UNDER SECRETARY, U.S. DEPARTMENT OF COMMERCE, TO QUESTIONS SUBMITTED BY HON. JACOB K. JAVITS, A U.S. SENATOR FROM THE STATE OF NEW YORK

1. *Question:* Do you believe that it would be useful to add, in any way, to the authority of the National Alliance of Businessmen? For example, the Kerner Commission suggested that such a group might actually be given the authority to conclude contracts with businessmen under the JOBS program. Would that or other contract authority be desirable as a means of increasing business interest in the program or speeding up paper work?

Answer: The National Alliance of Businessmen has all of the authority necessary at this time for their task of securing jobs in private industry for hard-core disadvantaged persons. The NAB staff, at the outset, considered and discarded the idea of contracting directly with businessmen for training disadvantaged employees. From the conclusions indicated by its evaluation, NAB launched the JOBS program as a joint venture of business and Government with each performing those functions for which it is best suited. The Department of Labor is organized and equipped to contract for training and it was logical to make use of that capability. This cooperative relationship appears to be working well and should be given the opportunity to succeed.

2. *Question:* On the tax credit proposal in S. 3249, do you think it would be desirable to at least embark immediately on a pilot program to look into the effectiveness of this approach, in the same way in which, for example, the OEO is trying a pilot program in the negative income tax?

Answer: It is difficult to reply directly to this question without knowing the specific features of the experimental or pilot program which is anticipated. There is, however, one general observation which can be made. The history of tax laws shows that exemptions, once enacted, tend to be very difficult to eliminate. Investors and businessmen expect a fair amount of permanence in the country's tax structure. The difficulties connected with the enactment and subsequent repeal of the 7 percent investment tax credit demonstrate this.

3. *Question:* What is the proper role of Federal reimbursements in connection with manpower programs. We have been told that about 90 percent of the pledges collected in Detroit under the JOBS program involve no Federal reimbursements—the companies say they will train and hire these people without reimbursement. Yet, some officials are disturbed that the very availability of Federal repayments will encourage business to seek them and to abandon the voluntary approach. What about this?

Answer: During this period of concentrated effort to provide training and jobs for the disadvantaged I believe the Federal Government must offer a variety of practical and controllable inducements to industry. Federal reimbursement for training is generally useful for extensive and formalized training. Many companies, however, prefer the freedom and satisfaction of providing jobs in their own way without Government assistance. Government assistance has been available for many months and there is no indication of a stampede to obtain Federal reimbursement. The current activity under JOBS supports this position. More than 7,500 companies have pledged to hire disadvantaged persons but only 600 companies submitted proposals for Department of Labor contractual support. As the National Will is moved toward acceptance of the hard-core disadvantaged into normal labor and consumer markets there are strong indications that voluntary action will predominate.

4. *Question:* Should the one-stop service concept the Department of Commerce instituted be continued? Do we need some kind of interagency coordination group to expedite applications?

Answer: As I explained in my answer to one of the questions originally submitted for comment, one-stop service proved extremely effective in expediting and simultaneously processing proposals through a number of Federal agencies. The Test Program, however, was confined essentially to five cities and 183 proposals. I agree with the National Alliance of Businessmen in their conclusion that such service could not be provided in the same manner for a program expanded to 50 or more cities. Since the JOBS program is based on pledges and Department of Labor contract support, a coordinating office is no longer needed.

5. *Question:* You report that the Test Program was characterized by great flexibility—businesses were asked to draw up on their own approaches to training the hard-core and these were reviewed on an individual basis by the Federal agencies. Now, under the JOBS program, apparently a particular model is being used or imposed from the top. Is this true? Is it desirable?

Answer: The Test Program demonstrated that reimbursement for extraordinary training costs was a significant incentive in creating jobs for the hard-core disadvantaged. Businesses can still apply ingenuity to the problem and tailor the solutions to a company's specific situation. The NAB promotes Department of Labor training contracts as the principal form of Goverment assistance generally available. Small Business Administration loans and procurement assistance and other Government procurement assistance are available for qualified vendors. In expanding the program from five cities of the Test Program to 50 cities of the JOBS' program some simplification was essential. The marketing has been simplified without reducing flexibility for industry.

6. *Question:* (a) What percent of EDA Title II funds now go to urban vs. rural areas? to bigger cities?

Answer: Since there are any number of lines which could be drawn to distinguish between urban and rural areas and between bigger and smaller cities, I have attached a table which shows the distribution of EDA Title II projects by the population class of the jurisdiction within which they are located. The distribution is shown in absolute and relative terms for the number of projects and their value. The table includes the amount of the EDA program funds as well as the total project cost.

6. *Question:* (b) Do you think greater effort in urban areas is desirable?

Answer: As I stated in direct testimony before the Committee, this is not simply a question of desirability. I fully recognize the desperate need for new employment sources in the nation's cities. However, as I also made clear at the time, EDA's resources, both in terms of program tools and funds, are presently insufficient to attempt a large scale urban economic development program.

6. *Question:* (c) Then, since EOA amendments of last year provide a way for EDA to go into the cities, why won't you cut back on some rural projects in order to more properly balance our efforts?

Answer: I stated to the subcommittee that EDA would examine the use of section 153 of the EOA on a case-by-case basis. In those instances where it appears possible for the EDA to organize and execute a comprehensive development program, the authority of that section will be used.

As far as cutting back on EDA's rural program in order to expand its urban efforts, it should be made clear that the Economic Development Administration is attempting to provide increased income and employment for the disadvantaged. A shift in emphasis to urban areas would not mean that more of the poor and unemployed were placed in jobs.

If priorities are to be adjusted, I respectfully suggest that we must do more than rob Peter to pay Paul. The utility of all Federal programs should be examined to see whether there are some of lower priority that could be reduced or postponed so that more funds could be devoted to urban and rural programs to create jobs for the poor and the disadvantaged.

DISTRIBUTION OF APPROVED EDA TITLE II PROJECTS BY POPULATION CLASS OF MINOR CIVIL DIVISION AS OF MAY 24, 1968

Population	Public works[1]				Business loans			
	Number of projects	Percent of total number[2]	EDA amount (times 1,000)	Percent of total EDA amount[2]	Number of projects	Percent of total number[2]	EDA amount (times 1,000)	Percent of total EDA amount[2]
1 to 1,499	126	51.2	$21,947	26.3	53	37.1	$42,925	42.9
1,500 to 2,499	40	16.3	10,764	12.9	15	10.5	8,209	8.2
2,500 to 4,999	35	14.2	13,442	16.1	16	11.2	12,026	12.0
5,000 to 9,999	23	9.3	17,877	21.4	22	15.4	17,502	17.5
10,000 to 14,999	3	1.2	873	1.0	8	5.6	3,982	4.0
15,000 to 24,999	5	2.0	2,677	3.2	8	5.6	3,775	3.8
25,000 to 49,999	4	1.6	2,854	3.4	7	4.9	6,417	6.4
50,000 to 74,999	3	1.2	315	.4	1	.7	168	.2
75,000 to 99,999	2	.8	401	.5	2	1.4	260	.2
100,000 to 249,999					3	2.1	2,286	2.3
250,000 to 499,999					7	4.9	1,809	1.8
500,000 to 749,999	4	1.6	9,499	11.4				
750,000 to 999,999					1	.7	720	.7
1,000,000 and over	1	.4	2,738	3.3				
Total	246	100	83,387	100	143	100	100,079	100

---

[1] Title II, only.

[2] Percent columns may not add to 100 percent due to rounding.

Senator CLARK. I have a couple of questions, but I will defer them, because I understand you have a couple of additional statements you would like to make.

Mr. SAMUELS. Thank you, Senator. This is my first appearance before this subcommittee. I have studied the legislative history of this subcommittee and I know it has made great contributions to the fields in which I have had a great interest for a long time. I am particularly anxious to urge the support of S. 2938, the Manpower Training Act. It is my conviction that this country still doesn't recognize its failures in the development of human capital.

Senator CLARK. Secretary Wirtz took the same position, and I agree with you both. The Secretary, however, felt that there was a real emergency to get the act passed by the end of this fiscal year.

Some information coming to me would indicate that that emergency is more imagined than real, because most of the authority under the act doesn't expire until June 30, 1969.

Would you have any comment on that?

Mr. SAMUELS. No, I don't have any comment on that, Senator. I have been very active and involved in the whole JOBS program. I think it is a historic new relationship between American business and Government, and one in which I predict not only great success, but a whole opportunity for us to see the willingness and the commitment of American business to come to grips with some of our unsolved social problems.

Senator CLARK. Well, I certainly hope you are right, and you may well be.

I sweated all through the ARA with Paul Douglas, back in the old days, and it did do some good things for Pennsylvania and the rest of the country.

Now the EDA has sort of taken over; one gets the general impression—and this may be quite erroneous—that it is running out of steam, and I want you to tell me why you don't agree with that.

Mr. **Samuels**. Well, I think the whole concept of the EDA, and I certainly would be glad to have Secretary Davis comment on this, doesn't meet the needs of an urban society. It doesn't meet the needs of our time. They are undersupported and I might say, Senator Clark, that we in our department are now taking a look at the whole question of the economic development of the country, not only from the point of view of the urban area, but urban and rural areas, and hope that before the end of my tenure as the Under Secretary of Commerce, that we will be able to make a contribution to the Government by coming up with some new concepts.

Senator **Clark**. What is your general view of the philosophy behind ARA, and also EDA, and to some extent the Appalachian program? Can you successfully induce business to bring new industry to areas of economic underdevelopment, and areas of persistent and chronic unemployment?

Do you think that is a valid concept?

Mr. **Samuels**. It is not only a valid concept, but a very essential one.

Senator **Clark**. Do you think it is working?

Mr. **Samuels**. It is not working anywhere near the way it should, Senator Clark, because we don't have the means or the authority in the EDA to do the kind of things that I think are essential.

Senator **Clark**. Or the money.

Mr. **Samuels**. And I might say, Senator Clark, that these are the kinds of things that we are studying, in taking a look at the economic development of this Nation. Every part of this Nation should be studied and planned for the next 5 or 10 years ahead.

Appalachia was absolutely unessential in this country. We knew Appalachia was coming before Appalachia took place.

Senator **Clark**. Did you say it was essential or unessential?

Mr. **Samuels**. Unessential. It was unnecessary. It is unnecessary in this day and age of the computer and this day and age of planning, to have Appalachia. It is only the inadequacies of our planning cycle——

Senator **Clark**. We are at a semantic cross-purpose. You don't mean the Appalachian program was unessential, do you?

Mr. **Samuels**. No; I am talking about what happened to Appalachia.

Senator **Clark**. It should never have been permitted to exist.

Mr. **Samuels**. Yes. Any economic study, manpower study, of that region that was done 10 years before Appalachia became critical could very well have pointed out the problems of Appalachia. The time to have used the economic power of the Federal Government, the time to have done something about Appalachia, was before it took place, not after it took place.

Senator **Clark**. Well, this is true of our whole democratic process, isn't it? Things have to be worse before we do anything about them, and by that time, it is so bad that it is much harder to do anything.

Mr. **Samuels**. Senator Clark, I think you know I came here from American business, and one thing I would like to do here is to apply the same planning techniques that American business uses to the public sector, and to our human supplies, and the developments of our human capital, as economic resources. What you will see from us before the end of the year is this commitment of a whole new approach, and using business planning techniques to economic planning in this country.

Senator **Clark**. Well, of course, I agree with you, and since we have now got into a philosophical discussion which neither of us intended, let me suggest to you that the inherent difficulty in what we are saying is that the democratic process, in my judgment, is incapable of acting to remedy obvious ills in time to overcome them before they become so chronic that it takes so much more effort and so much more money to handle the situation than it should have.

On the other hand, the whole concept of American business—and this I am not criticizing, because I think it is quite understandable—is that unless you can do something for a profit, you don't do it.

So Government fails because it can't move quickly enough, its bureaucracy is not geared to handle the situation, and Congress won't appropriate enough money. Business fails unless there is a bribe, which the Congress is usually unwilling to give, and you can't expect business to move into any one of these areas, unless they can make the normal profit.

Will you comment on that?

Mr. **Samuels**. Well, first of all, let me say, Senator Clark, I have been very deeply concerned about the unbusinesslike way we manage our institutions of government since I have been involved.

I led the fight for the constitutional convention in the State of New York, I am pretty familiar with the outdated State and local governments, and since I have been in Washington, I have become deeply concerned with the fact that the Federal Government only moves when we have either a crisis or a wide consensus. And, in terms of the needs of our times, this really makes the Federal Government no longer as responsive as it needs to be.

Senator **Clark**. What you just said emphasizes what I meant. I have been trying to get a good constitution in Pennsylvania since 1923.

We don't have it. We did get a few improvements through, with the struggle this year, but the main job hasn't been done.

New York defeated its constitution, Maryland defeated its constitution. This is just what I mean. It is not just the Federal Government, it is local and State government, too.

Mr. **Samuels**. Senator Clark, there are three M's that I think are needed to insure social justice and human progress in this country. Mission, money, and management. All three have to be under constant attack by all of us who are in public service.

Senator **Clark**. You say in your prepared statement, and Secretary Wirtz says in his statement, that we shouldn't try to pass the Emergency Employment Act because the country hasn't got the will to do it.

And I said to the Secretary, and I say to you, "How are you ever going to get the will unless the executive branch of the Government joins with this committee in trying to provide some leadership?" Secretary Wirtz just threw up his hands at that, and said, "Well, you people down here in Congress aren't willing to help us."

But that is not true.

Mr. **Samuels**. Senator Clark, let me just make a couple of comments. I think if you study the speeches that I have given in the last 6 months, since I have been the Under Secretary of Commerce, part of my commitment is to try to educate American business leadership as to what the real problems of this country are. One of the things that we are finding is whole change in attitude of the leadership of American business toward the public sector. This is, I think, one of the most encouraging things that is going on in this country today.

Senator **Clark**. I agree with you.

Mr. **Samuels**. Unfortunately, the study needs to be done in greater depth. For instance, when you find many of the leaders of American business coming out for the negative income tax, which you and I know could cost anywhere from $10 to $20 billion, I think from a point of view of priorities, there are other things in the development of human resources that I would rather see done first. Not that I take a position against the negative income tax.

We need to really educate those who are concerned about the future of the country, as to the public sector, and what needs to be done. I spoke yesterday at the canners' convention here, and I would just like to just mention the fact that I am deeply concerned that all of a sudden, everybody thinks American business can solve all of the problems of our time. It can't.

Senator **Clark**. You are right. It can help, though.

Mr. **Samuels**. We need a better managed and a better committed country, and we need to take a look at the institutions of our Government, and we had better do this, because the unbusinesslike way we run the management of our public institutions, I think, is America's most serious problem today.

Senator **Clark**. Well, why kid ourselves? None of these things are going to happen until we get out of Vietnam. None of these things are going to happen until we cut the military budget by $5 billion or $15 billion. We are just tilting at windmills until American business appreciates that none of these things that they want to do and none of these things that some of us among the more liberal congressional community want to do are going to get done until we cut that military budget.

Mr. **Samuels**. But let me just make two comments on that, Senator Clark. There is no indication, to my mind, that when we cut the military budget, the money will be reallocated to what I call the economic and human needs of this country.

Senator **Clark**. Yes; but I think that is a defeatist statement, Mr. Samuels.

Mr. **Samuels**. All right.

Senator **Clark**. Because unless we get the money available, we will never appropriate it.

Mr. **Samuels**. Maybe so.

Senator **Clark**. Let's just say, "Let's keep on spending $80 billion, $85, $90 billion for the military, because if we save it, it won't go into doing the things we need"—it seems to me to be completely defeatist.

Mr. **Samuels**. All right, Senator Clark, I accept that comment. I think it is good criticism, but I might add the fact that when Vietnam is over, the spending of money alone is not sufficient. When I talk about solving our problems, it is not merely that the amount of money may not be sufficient, but we must also begin to plan. The absence of planning is critical. For instance, one of the programs that I have been committed to since I have been in Government and politics, since the early part of the 1960's, has been the education of the disadvantaged child.

This is so closely related to the problem of unemployables, the growth of crime, and growth of welfare, that for this country not to have a national program for the disadvantaged children's education is a national disgrace.

It is so economic and so moral, both, and yet if we had the money tomorrow, you can't spend this money without a plan, without training of teachers, without the building of facilities. One of the most economic things this country could do, and I now speak as the Under Secretary of Commerce, is increase our investment in our young people. A war on ignorance is the most important thing this country could do in terms of long-range economic growth.

Senator CLARK. I agree with you completely, but I would disagree with you to some extent in saying that we don't have a plan. I think we do have a plan, but we haven't got the money at the State and local level to implement it. Also the Federal Government, under the present administration, in my view, is not prepared to do it.

Now Philadelphia, for example, where my long-time political ally, Richardson Dilworth, is the chairman of the board of education, has a magnificent plan.

We need $34 million more than we have got. We may not be able to open the schools this fall. We can't get it out of the city council, we can't get it out of the State of Pennsylvania, we can't get it out of the Federal Government.

It is not for lack of a plan. It is for lack of money.

Mr. SAMUELS. Well, Senator Clark, let me make two points here.

First of all, we have got to stop looking at human assets as belonging to State and local governments. Human assets in this country are national assets, and the plan must be a national plan.

And I think all of us recognize the State and local governments no longer have the economic taxing abilities to solve this and to make the investments that are required, particularly in our urban areas.

So that this must be a commitment of the Federal Government itself.

Now let me mention, obviously, that more has been done in this field in the last 7 or 8 years than has been done in the history of our country before. It has only been the last 7or 8 years that this country has begun to take recognition at Federal level that manpower training and education is a responsibility of the Federal Government.

It has only been in the last 7 or 8 years that we have had a program for full economy, which is so essential in any development of manpower in this country.

Senator CLARK. And without wishing to pat my own back, I would say this committee and the Education Subcommittee which Senator Morse chairs, and on which I serve, has played its fair part in getting that done.

Mr. SAMUELS. Senator Clark, there are four parts of a full manpower. If we take the dignity of useful work, which is, of course, an important part of man's needs, and I commit myself to this, there are four elements of putting everybody to work in this country.

The first thing is, the country has to have a full economy. All the manpower programs that we have in this country will never be successful unless the jobs are there. It has only been in the last 7 years that the economic policies of this country have begun to be recognized as attributable to Federal leadership, so we have made one step.

The second thing you have got to do is, even if you have got the job, if a man isn't trained and motivated, then he doesn't fill the job. It has only been in the last 7 or 8 years that the Federal Government has accepted some responsibility here.

But I say very emphatically that this responsibility must go much deeper, and it must go into the education of the disadvantaged child, not only in Mississippi, but also in the State of New York, and in the city of Philadelphia.

There must be a national war on ignorance, and it must start at the age of 3 and 4, and we must commit ourselves to it.

I have already estimated the cost of this to this country. It would cost maybe $6 or $8 billion, but a country that spends $9 billion of cigarettes can afford to spend $6 to $8 billion on the development of the disadvantaged child.

Now there is a third thing, Senator Clark, that we have not done. We have not matched men and jobs. And this is something that Secretary Davis and the EDA, Economic Development Administration, have been very deeply involved in. The whole fact that the movement of people has come under no real national plan is to me one of the next Federal responsibilities.

Senator Clark. Well, I am not going to detain you any longer, because I got you into this, when I didn't mean to. I just make two comments: the first is a quote from Washington report prepared by the United Automobile, Aerospace, & Agricultural Workers of America. It reads as follows:

> One of the brighter lights in the Johnson administration is Under Secretary of Commerce Howard Samuels, who told a jazzy group of business leaders recently, "We spend as much for chewing gum as for model cities, we spend as much on hair dry as for grants to urban mass transit, we spend as much on pet food as on food stamps for the poor. We spend more on tobacco than government at all levels spends on higher education. We spend $300 million for costume jewelry, and quarrel over $3 million for Teacher Corps, and there are still Members of Congress who wonder with a straight face why the poor people are marching on Washington."

I commend you for that statement, and I agree with you thoroughly, and now I am going to let you alone.

Mr. Samuels. Senator Clark, I would just like to make one comment of concern that I have in relationship to the tax bill that is coming forward.

I mentioned to you earlier that American business is reacting very positively to the JOBS program, and I notice Leo Beebe is on your program later in the morning; but I want to make it very clear that one of the main reasons that American business is reacting positively is that the jobs are there. And I look with great concern over the economic problems of 1969.

Now I support the $10 billion tax increase. The fiscal integrity of this country is absolutely essential. We must have that tax increase.

Senator Clark. This is just shadowboxing; isn't it? I am going to vote for that tax increase, too, with some reluctance, but it isn't going to do the job, and the only reason for doing it is to keep the central bankers in Europe quite for a while. It is not going to do the job.

Why do we kid ourselves?

Mr. **Samuels**. Well, Senator Clark, it is more than that. I don't think the interest rates in this country can stand about $20 billion worth of Federal borrowing in the last 6 months of this year. I think that would be a very serious question.

Senator **Clark**. Do you think that interest rate is going to go down when we pass this $10 billion tax increase? I don't.

Mr. **Samuels**. Whether it will go down or not, I can't predict; but it certainly will be a tremendous force in its not going up.

Senator **Clark**. That, after all, is Bill Martin's problem; isn't it? He can do it any way he wants. If he gets the tax bill, let the rates go down. I think he had to prod the administration to go ahead with the tax increase.

All I am saying is a lot of it is shadowboxing.

Mr. **Samuels**. Senator Clark, I want to mention one other thing, though. When we combine that with $6 billion worth of expense reduction—and I don't want to talk about the propriety of the $6 billion worth of reduction, but we have to recognize that this is a tremendous reduction of aggregate demand—a total of possibly $16 billion. And that if you want manpower programs to be successful, like JOBS, it is very important that aggregate demand be kept very strong in this economy, and I only get concerned in looking at 1969 that a combination of both of these may—I underline "may"—may have an adverse effect on our manpower programs.

Senator **Clark**. Not if we take the $6 billion out of the military program, where in my judgment, you could do it without affecting aggregate demand a bit.

Mr. **Samuels**. Well, if you can do it without affecting aggregate demand, then, Senator Clark, I am all for it, particularly if it can come out of the waste parts of our economy.

I do say, very strongly, that to take any money out of manpower programs, and out of educational programs, and out of health programs, and human needs programs, would be detrimental to the long-range economic growth of this country.

Senator **Clark**. Right.

Mr. Robert Patricelli, who is the very able minority counsel of the subcommittee, has one question he wants to ask you, in a live hearing, rather than leaving it to the cold type of the written page, so I will now turn you over to Mr. Patricelli.

Mr. **Patricelli**. Mr. Secretary, Senator Javits is in an airplane somewhere. He wanted very much to be here at this hearing today, and he did want an answer to one question particularly, before having to wait for a written answer, so if I could pursue a certain line of questioning that he had in mind.

First, do you think, sir, that the JOBS program should have available to it authority for economic development activities, so that where the hiring and training of the hard-core poor could be better served by, let's say, building a new plant in a particular area, it would have capital construction funds available?

This is the way in which the test program was conducted, I believe. Would that also be wise under the JOBS program?

Mr. **Samuels**. Mr. Patricelli, and I think you can pass my strong comments on to Senator Javits about this element, I mentioned there were four elements of what it takes to give a man a job.

You can't give a man a job training if the job isn't there. Now, obviously, the matching of men and jobs is an essential part of the American economic development program.

I certainly think, and would support, our having resources in the Commerce Department to tie up with an economic plan to be able to encourage the movement of jobs to where the people are. This is one of the matching responsibilities of the Federal Government that we do not have authority for today, except in very limited amounts of money.

I think we have $50 million in EDA for business loans, which really is insignificant.

Part of what we will recommend, and before the end of the year, is a program which will allow us to, first of all, look 5 and 10 years ahead as to where jobs are going to be, and where people are, and when this kind of planning indicates either ahead or today that we have got to do something about economic development and encourage the movement of industry to where people are, that we then get the opportunity and have resources to encourage this movement.

To have a trained man in San Antonio and a job in Rochester doesn't fill the manpower requirements. To have a job in Nassau County and have the trained man in the middle of Bedford-Stuyvesant in Harlem doesn't meet the job requirements of full employment that we need to do.

We need to add this new element into our whole economic structure, and I certainly would support some approach in this direction.

Mr. PATRICELLI. I take it from what you say, sir, that only a very small percentage of funds under title II of the Public Works and Economic Development Act of 1965 is now going into urban areas.

This is due to your statutory limitations. Can Mr. Davis estimate what that percent might be?

Mr. DAVIS. I would be surprised if it is 5 percent.

Mr. PATRICELLI. Well, if that is then the case, why is it, sir, that you do not wish to pursue or try to induce the executive branch to use actively the authority that was granted under the special impact program, that is, part D of title I of the Economic Opportunity Act, last year, which would free up the use of title II funds for urban areas?

Would it not be desirable for you, if necessary, to cut back, actually, some programs in rural areas in order to move more actively into urban areas?

Mr. DAVIS. Mr. Patricelli, as you know, since the beginning of the economic development program, under the present legislation, the budgets have been going down. It started out with $330 million, went down to $300 million, went down to $275 million, and the House, I understand, is about to mark up our appropriation today, and you will see what it will be, for the coming year.

Now under these budgetary constraints, it is our responsibility to use that money as effectively as possible. The title I-D amendments, as they pertain to EDA, and the special impact program itself, are useful and pertinent legislation.

But those changes did not give us 1 cent more. Now, when it comes to program implementation, and title II, as you know, has to do with the availability of loans for public works, we have an increase in eligible areas without any additional funds.

Mr. PATRICELLI. And business loans, as well. Isn't that true?

Mr. **Davis**. Yes. It is not at all clear that bringing this authority into the many cities where we have substantial unemployment problems is going to significantly change the circumstances of those individuals or is going to significantly contribute to the establishment of an effective program.

Now I think to the extent that EDA gets involved in special impact programs, meaning to the extent that we are allocated funds to set up programs under that authority, and where it is sensible to utilize the business loan authority and the public works authority, we will do so.

But we want to see some kind of results for our efforts, and we do not want to be in the position where allegedly we are being active in many places, and in fact, we are not.

Senator Clark pointed out earlier that in his judgment, we are running out of steam. I assume he meant money. In any event, we have over 850 places presently eligible, and we get to about 350 to 400 of them with our present funding.

I trust that gives you some insight into our problems.

Mr. **Patricelli**. Well, I think you know that no one here, certainly not Senator Javits, is interested in seeing you dissipate your title II funds in urban areas so broadly that you can't have a meaningful impact.

If the amount of funds that you could reallocate to urban areas only allowed you to go into a very few cities, that would be all right. But while you have admitted that more emphasis on urban areas in economic development terms is desirable, and you have admitted that you only spend at the most 5 percent of title II funds in urban areas, yet you say you will not make the decision within your existing budget, shrinking as it may be, to reallocate priorities, and I do not know why you have made this reallocation.

Mr. **Davis**. Well, it is our judgment that our program is more effective in helping the unemployed and the underemployed in the more rural areas.

For example, it is clear that in parts of Mississippi, it is much more difficult to find sources of business financing than it is in New York City.

And to the extent that we can create expanding businesses in the rural areas, our programs are more appropriate there. So it is our judgment that we are getting more bang for the buck the way we are presently using our limited funds. Moreover, we are making a greater contribution by working in the predominantly rural areas in lessening migration to the central cities. To the extent that we are able to provide alternatives to mass migrations to the cities, we are very substantially helping the cities.

Mr. **Patricelli**. Thank you.

Senator **Prouty**. Mr. Secretary, can I interrupt to say that I think you make a very strong case in that respect. I think one of the great difficulties in the past has been that there have been no opportunities for people in the rural areas consequently they have migrated to the metropolitan areas, and have created many of the problems with which we are now confronted.

I am prejudiced, perhaps, because I live in a rural area, but I think that there is a lot of sense in your approach.

Mr. Davis. Well, Senator Prouty, it isn't entirely clear that EDA's present array of tools is going to be outstandingly effective in many of our large metropolitan areas.

However, this is not to say that I do not agree entirely with all those people, including Senator Clark and Senator Javits, who feel that steps must be taken to effectively strengthen and broaden the economic base in the cities, and to get the unemployed who reside in these cities into the economy.

For the remainder, it seems to me that they will have to get into the economy elsewhere, if they can't get into the economy in the cities.

Mr. Patricelli. Thank you, Mr. Chairman.

Senator Clark. Thank you very much, Mr. Secretary, for your most valuable and helpful appearance, some of which was obviously not planned. We are very happy to have had you with us.

Mr. Samuels. Thank you, Senator.

Senator Clark. Our next witness, called at the request of Senator Prouty, is Mrs. Stella Hackel, Vermont State commissioner of employment security, Montpelier, Vt.

Mrs. Hackel, we are very happy to have you with us, and I will turn the examination over to Senator Prouty.

STATEMENT OF MRS. STELLA B. HACKEL, VERMONT COMMISSIONER OF EMPLOYMENT SECURITY, MONTPELIER, VT.

Senator Prouty. I am glad to see you, Mrs. Hackel.

Mrs. Hackel. Thank you, Senator.

Senator Prouty. I might say, to you, Mr. Chairman, that Mrs. Hackel is not a member of my political faith, but she is an extremely capable administrator, and we are delighted to have her in Vermont.

Senator Clark. We are delighted to welcome that rare character, a Democrat from Vermont.

Senator Prouty. You may proceed, Mrs. Hackel.

Mrs. Hackel. Thank you, Senator Clark, Senator Prouty. I am delighted to be here to testify on these three bills. I have a prepared statement, which I would like to submit for the record, with your permission.

Senator Clark. Yes; that will be printed in full in the record at the beginning of your comments, Mrs. Hackel.

(The prepared statement of Mrs. Hackel follows:)

Prepared Statement of Mrs. Stella B. Hackel, Commissioner, State Department of Employment Security, Montpelier, Vt.

Mr. Chairman; Members of the Committee. I am Stella B. Hackel, Commissioner of the Vermont Department of Employment Security. I appreciate very much your courtesy in permitting me to appear and testify in regard to S. 3249, the National Manpower Act of 1968, and other possible amendments to the Manpower Development and Training Act of 1962, As Amended.

I wish first to speak to the matter of the apportionment of federal funds to the individual States and their reapportionment after the expiration of the sixth month of the fiscal year, under Title III, S. 301 of the MDT Act. That section provides for the equitable apportionment by the Secretary of Labor of 80% of the funds appropriated by Congress under the Act among the States on the basis of certain labor force and unemployment rate factors, and the reapportionments of unutilized State apportionments by the Secretary of Labor after the expiration of the first six months of each fiscal year.

While presumably the original apportionment is made by the Secretary on the basis of the Congressional mandate described in said Section, it is made with an attendant condition arbitrarily established by the Secretary that a certain fixed part of said State apportionment be utilized only for institutional training and the remainder only for on-the-job training. This arbitrary and fixed condition, in operation, prevents a State from utilizing a large share of its total apportionment, with the result that such funds are lost to the State. Thereafter, they are reapportioned by the Secretary of Labor, usually into urban areas. This is especially detrimental to comparatively rural States such as Vermont.

There is no question but that the problems of urban communities are immense and require close attention and vast sums of money. However, as the President's National Advisory Commission on Rural Poverty has stated, while some 30 per cent of our total population live in rural areas, 40 per cent of the nation's poor live there. Why should they be "the people left behind", simply because they cannot organize into politically impressive groups? They, too, go to poor schools, live in ugly housing, and lack necessary medical care and proper nutrition. They, too, are inadequately equipped to earn a decent living in our competitive society.

When rural States, or States concerned about their rural population, lose large parts of already totally inadequate State MDT Act funds, through no fault of the State, merely so that the Secretary of Labor can reallocate them to urban areas, then, I submit, the purposes of the act are being subverted. If more funds are needed in urban areas, they should be provided by other Congressional appropriation, but not siphoned off from MDT Act funds fairly apportioned among the States. The Secretary of Labor, under the MDT Act, already has 20% of all funds to use at his own discretion for urban areas.

While this matter is not within the amendments proposed by S. 3249, I am hereby requesting its consideration by this honorable Sub-Committee, with a view to further amendment to the MDT Act. I will give you the facts in regard to Vermont in the current fiscal year, as perhaps indicative of what is happening in other States of the country. The State of Vermont was allocated for fiscal 1968 a total of $572,000 in MDTA funds. The Department of Labor arbitrarily determined that $392,000 of the funds would be used by the State for institutional training projects, administered by the State Department of Employment Security, and $180,000 of the funds for on-the-job training projects, administered by the Bureau of Apprenticeship and Training of the Department of Labor.

BAT has only one man in Vermont, a federal employee, stationed in Burlington. He was unable to utilize all of the OJT funds allocated in Vermont for fiscal 1968 within the first six months. His inability to utilize the funds was due, at least in part, to a decree of the Department of Labor, by memorandum dated August 30, 1967, from Jerome J. Haggerty, Jr., Regional Director, to Region I State Supervisors and Apprenticeship and Training Representatives, that "Effective September 1, 1967 and extending through October 20, 1967, a stop order is in force which in general application directs that all promotion and development work on MDTA–OJT and the execution of contracts be suspended".

On January 1, 1968, $126,456 of the original $180,000 OJT apportionment remained unutilized by the BAT man in Vermont, and was withdrawn from Vermont by the Department of Labor. During the previous fiscal year, approximately $150,000 was lost to Vermont in a similar manner.

At a June, 1967 meeting of the Executive Committee of the Interstate Conference of Employment Security Agencies, of which I am Region I Vice-President, the Manpower Administrator responded to questions on the matter of MDTA Institutional-OJT allocations of State apportionments as follows, and I quote from the minutes of the meeting:

"Mr. Ruttenberg, in commenting on how the administrative decision is made on how much money in the States can be for OJT and how much for MDTA, said that there is an arbitrary formula which is identical in all States and it does not take into consideration poor or good performance on either OJT or institutional . . . Mr. Ruttenberg asked that the minutes show that during the course of the fiscal year, preferably after the first two quarters, amendments to the MDTA plan or the CAMPS plan that would propose redistribution of funds between institutional and OJT training within the State would be entertained and considered by the Manpower Administrator."

Thereafter, on January 2, 1968, a request was made by our department to the Department of Labor to transfer the unutilized $126,000 of OJT funds to the State's institutional account, on recommendation of the Vermont Cooperative Area Manpower Planning System Committee (CAMPS), composed of State representatives of the State Department of Employment Security, Department of Education, Office of Economic Opportunity, Department of Social Welfare, Department of Development, Department of Administration, Department of Labor and Industry, Department of Agriculture, and the Vermont representative of the Bureau of Apprenticeship and Training. By letter dated March 11, 1968, from the Region I Bureau of Employment Security Administrator to me, we were informed that the transfer was not possible.

The MDTA institutional funds allocated to Vermont and administered by the Department of Employment Security and the Department of Education have been entirely utilized. We have needed and could have effectively utilized substantially larger amounts.

At this time I respectfully propose some appropriate amendment to S. 301 of the MDT Act of 1962. As Amended, to be included in S. 3249, providing that each State have authority to allocate MDT Act funds, equitably apportioned to it under the Act, as between institutional and on-the-job training projects in accordance with a State plan to be proposed by the State CAMPS Committee and approved, unless unreasonable, by the Secretary of Labor; and further, that any reapportionment of State apportioned funds may not be made by the Secretary of Labor prior to the last quarter of the fiscal year, and then only after notice to the State together with a showing by him that there is no reasonable prospect of said State utilizing such funds within the fiscal year for either institutional or on-the-job training projects, in accordance with trainee selection and occupational skill need criteria set forth in the MDT Act. It would appear that the responsibility for developing and funding suitable training projects could better lodge in the hands of dedicated, career professional State agency personnel rather than in federal high level political appointees.

The proposed amendment would assist in solving another problem we have identified in the operations of the MDTA program. Presently the time lapse between project development and final funding has become so extended and uncertain that in most cases we are working with a different group of individuals at the time of the actual training than were identified initially, often to the great disappointment of those initially identified as suitable trainees for the particular project.

I would like to take this opportunity to support a further amendment to S. 301 of the MDT Act, to the effect that there be a $1,000,000 floor in the apportionment of funds to each State. Small States such as Vermont, which in fiscal 1968 had a total apportionment, to which I earlier referred, of $572,000, of which $126,500 of OJT funds was lost, are seriously handicapped in attempting to maintain facilities, instructors and an efficient training pattern. It is unsound economic practice that MDTA leased facilities and purchased equipment lie idle and competent instructors are lost to the program, when eligible trainees are available in the area and job vacancies exist which they could fill if trained, all for lack of a relatively small amount of additional funding.

In Vermont there is a widening gap between job openings and qualified applicants to fill the openings. While job openings received in local Employment Service offices and referrals to them have increased 12% and 7% respectively in the first quarter of 1968, job placements increased only 1%. Many of these job applicants, as revealed by counseling and testing programs, need skill training and, frequently, basic literacy training, before they can be referred to or hired by employers to fill the job vacancies that do exist. An apportionment floor of $1,000,000 would permit continuous programming by area.

Let me describe to you another instance where Department of Labor policy has served to disadvantage the rural States. This arose under MDT Act S. 241, relating to training projects for unemployed and underemployed persons residing in areas designated as redevelopment areas under the Area Redevelopment Act. Franklin County, Vermont, a designated EDA area, planned a Christmas Tree project for low income farm families. Nineteen low income farm trainees were waiting to take the course. The course proved successful last year by increasing farm family income for each trainee an annual average of $400.00.

The project was lost to Vermont in the following manner: At or about the start of the second half of this fiscal year we were informed by our Regional Office that in accordance with Department of Labor policy, no EDA projects under the MDTA S. 241 would be approved except for new or expanding industry. I submit that such a policy is unfair to those of our farm and rural population who need assistance to attain a decent standard of living, and it should be discouraged by Congressional legislative history.

I would like to comment on S. 3249, S. 102, relating to amendment to the MDT Act S. 106. While I support a labor market information program, to be developed and established by the Secretary, of matching qualifications of persons to job vacancies, it should be made clear that this section relates only to a communications system and not to the actual job placement and other manpower service functions, and that the program will be carried out through the Federal-State Employment Security system. This will ensure that maximum use be made of the partial matching and electronic data processing system now in operation in the Federal-State Employment Security system and the full electronic data processing system now being implemented, rather than establishing another costly, duplicate, competing system.

In reference to S. 3249, Title I, S. 103, the proposed new Title IV of the MDT Act, a $1,000,000 apportionment floor for each State, as under the MDT Act Title II, would be necessary for an effective and economic program. It seems only reasonable that 40% of the funds available to a State be administered by a State agency in accordance with a State plan approved by the Secretary of Labor.

However, may I comment on the proposed new Title IV, S. 410, which limits the State agency operated share of the funds under the State plan for the Community Service employment program to 25% of the State allotment, the remainder to go to local prime sponsors. This limitation is not feasible for some States, where the strength and capabilities of local small government units are based upon very limited tax revenue, or where local public quasi or non-governmental agencies are not operating efficiency. While under S. 405(c), the Secretary or State agency may bypass a local prime sponsor, the percentage of funds under the State Plan which a State agency may directly utilize for program operations is too stringently set and should be increased substantially. The Secretary under S. 403(c) already retains 60% of the total funds for the program to allocate as he sees fit, including grants to local agencies and organizations.

In reference to the proposed new Title V, Economic Opportunity Cooperation, it is my position that the Employment Service State agencies can effectively fulfill the functions of the Economic Opportunity Corporation described in this Act for which $20,000,000 is appropriated. The purposes referred to—including the stimulation of greater participation by the private sector in manpower training and antipoverty programs, the providing of a central source for information and research on such programs, and the coordination of efforts by private business firms to provide training and employment opportunities—do not require the creation of one more public agency, whether it is called a private, non-profit corporation or otherwise entitled. It is my opinion that the Federal-State Employment Service system in the country actually is the most efficient and responsible manpower system in the country, notwithstanding the lack of support or encouragement it receives from the Department of Labor which funds it. With such support the program envisioned in this proposed amendment could be effectively handled by the already existing, experienced Employment Service agencies.

I would have no serious objection to the formation of a corporation such as the one described for the purposes of technical assistance referred to in the proposed Title V. However, to assign to it the administration of a massive new job training and placement program is the building of bureaucracy upon bureaucracy. It would amount to a new arm, in effect, a new Bureau in the Department of Labor. There is no sensible reason why a Bureau already functioning, the Bureau of Employment Security in the Department of Labor, with a national manpower capability of over 2,000 local Employment Service offices, cannot better accomplish the purposes of this title, if only it had the economic and conceptual support of the Department of Labor and Congress so as to permit it to do so. Only in recent years has there been a firm national policy, supported by a growing public consensus, that highly individualized and expensive manpower development programs are necessary to reach and assist the hard core unemployed. It is totally unfair to continually denigrate the Federal-State Employment Service system capabilities in regard to such programs, when it has never in that period of time enjoyed the full financial and administrative support of the Department of Labor.

In regard to S. 3249, Title II, I support the concept of tax credits to private industry for employment of the hard core, in the belief that some tax incentive program is necessary to encourage private employers to take on low producing workers in our highly competitive economy.

To illustrate, I refer to one employer in the City of Rutland, Vermont who has had a policy of hiring handicapped workers. Recently he called our local Employment Service office and said that he had analyzed the costs and could not afford to continue this policy. He cited one handicapped worker, a blind man, whom he had put on the production line. When one worker on a production line cannot produce as efficiently as the others, he holds up the entire line. In addition, the employee training time is more lengthy, because it involves not only training in the job itself but also special training to overcome the handicap. Furthermore, the inflexibility of the individual in regard to work he can perform can be a serious managerial problem. It was this employer's position, with which I agree, that it is unfair from the point of view of business competition to burden an employer with such special costs which really should be borne by all of society. Especially in regard to small employers, it can be an undue burden. To be realistic, for success in such a program we must be able to offer an employer a definite employability plan together with an economic incentive to take on a worker who may be non-profitable for a long period of time. If it is national policy that we must provide to all of our people who need help either jobs or an effective income maintenance program, then we first should try to provide acceptable jobs to those who can work, through private industry with tax incentives to the extent possible, and as necessary beyond that, by government.

In regard to the particular tax incentive provisions of S. 3249, however, there are reservations noted by economic experts, to wit, 1. that the "job ladder" theory has been abandoned, because training is being encouraged, not at all skill levels up to foreman, but only at the lowest levels, to the possible detriment of the workers already holding these low skill jobs; 2. that an employer who lays off any employee and hires a "green card" can expect labor troubles; 3. that the "green card" is a demeaning identification; 4. that the bill is not a training bill, there being no criteria or requirements in it for traning, and if they are arbitrarily established by the Secretary of Labor, might result in haggling over tax credits; and 5. that the combination of tax deduction and tax credit can result in absolute monetary gain in the first six months of employment and free labor for up to a year and a half for a firm with substantial profits, without any concomitant training requirements.

Far to be preferred, in my opinion, are the provisions of S. 812, The Human Investment Act, providing for a tax credit up to a certain maximum, of 10% of allowable training expenses in addition to the regular deduction as a trade or business expense under the Internal Revenue Code. This measure is patterned after the investment tax credit section of the Revenue Code, but with increased tax credit of ten per cent rather than seven per cent, on the grounds that investment in human capital, subject to mobility, carries a substantially greater amount of risk than investment in equipment and machinery. While S. 3249 is not intended to be preemptive of S. 812, it could so operate in view of its far greater tax advantages. If the motive of the employer is simply tax relief, the program will fail. The ten per cent tax credit incentive should be attempted and its effect noted before going further.

In regard to S. 3063, may I comment just briefly. I support the concept of Title I that Community Service jobs be made available in government and private nonprofit institutions, to the hard core unemployed in poverty stricken areas, both rural and urban, with the ultimate goal that whenever possible the worker graduate to a regular job, in either government or private industry, in the competitive labor market. I also support the concept of Title II, as indicated earlier in my remarks, that private industry be encouraged with tax credits or other financial assistance to train and employ such workers. However, care must be taken that the program not be used merely as a subsidy for normal operations.

In regard to the operation of the programs, not specified in the Act but described in the Explanation of Title III, it is my opinion that to operate diverse manpower programs under the several federal acts through local public agencies does not appear to be as conducive to maximum coordination and cost benefit attainment as would be utilization of State agencies with local office capabilities, assuming they were provided with the same adequacy of administrative funds. State agencies can also enjoy the full participation and cooperation of local public officials, sometimes more effectively. With reapportionment of State legislatures, now an accomplished fact in most of the States, there is no longer need to fear rural domination of State government. Unless the Secretary can show good cause for bypass, State government should be encouraged to participate in administering federally funded local manpower programs to the maximum extent possible.

Mr. Chairman and gentlemen, I thank you for your consideration and for permitting me to make this presentation.

Mrs. HACKEL. Thank you, and then I would like to present orally some of the matters contained in the statement.

I wish first to speak to the question of apportionment of MDTA funds under section 301. That is the section whereby the Secretary apportions 80 percent of the total funds appropriated to the States on the basis of an equitable distribution based on unemployment and labor force factors, and then reapportions the funds after the expiration of the sixth month of the fiscal year.

While presumably the original apportionment is made on the basis of the congressional mandate in the act, it is made with an attendant condition arbitrary and fixed by the Secretary that only a certain part of the funds from the State allocation can be used for institutional training, and a certain part used for on-the-job training.

This operates in effect so as to preclude a State from effectively utilizing its total State apportionment. Therefore, on January 1st, the funds are lost to the State, and the Secretary reapportions them, usually into urban areas. This is, of course, very detrimental to rural States, comparatively rural States, like the State of Vermont.

Senator PROUTY. Mrs. Hackel, are you saying that where a small State, or a State with large rural areas, has not obligated its OJT money within a specified time, the Secretary of Labor has withdrawn these funds, and reapportioned them to other States, rather than permitting that State to expend the unused funds for needed and already planned institutional training programs?

Mrs. HACKEL. That is correct, Senator, and I would further specify in the remainder of my remarks.

Senator CLARK. What are the percentages, Mrs. Hackel, between institutional and——

Mrs. HACKEL. Apparently, it is set in an arbitrary formula. In the State of Vermont, we were allocated a total of $572,000, $392,000 of it for institutional and $180,000 of it for on-the-job training.

Senator CLARK. Is that a wrong percentage for Vermont, as a practical matter?

Mrs. HACKEL. The original allocation, the total allocation apportionment of $572,000 I have no way of knowing whether or not it is wrong. I assumed it was made in accordance with the congressional mandate on the basis of unemployment and labor force figures.

On the basis of the arbitrary fixed amount, $180,000 for OJT, it was totally wrong for Vermont, based on our experience of the previous year, where we were allocated $206,000 and our one man up in the State of Vermont, he is a Federal employee of the Bureau of Apprenticeship and Training, was only able to use approximately $50,000 of it, so we lost $150,000 the previous year. Obviously, it didn't seem sensible that we were going to use it up this year.

Senator CLARK. You think you ought to have more authority at the State level?

Mrs. HACKEL. Yes.

Senator PROUTY. Well, if I understand you, Mrs. Hackel, you are saying in effect that after the Secretary allocates each State its share of MDTA funds, he then sets fixed percentages which must be used for

OJT on the one hand, and institutional training programs on the other, and that these percentages are the same for all States, regardless of whether they are large industrial States or smaller rural agricultural States?

Mrs. HACKEL. That is my understanding, Senator, and this is the way it is operating in the State of Vermont.

Senator PROUTY. I say we have a problem.

Senator CLARK. Of course, the philosophy—which may be wrong—is that there are an awful lot of States that have to be prodded to spend this money at all, not necessarily wisely and that if you don't set some fixed percentages, the money will be wasted. There are a lot of industrial States, of which mine is one, which I am sure like to pick up this money from the other States, that are not going to spend it, or spend it wisely. That is the philosophy. It may be wrong.

Mrs. HACKEL. This would be perfectly proper, in my opinion, that there come a time when the Secretary should have a right to properly reapportion, but not from the State that could utilize, wants to utilize, but is prohibited from utilizing its funds by the Secretary, just so that he can have the funds back to reallocate into urban areas.

Shall I proceed?

Senator CLARK. Yes, please.

Mrs. HACKEL. All right, there is no question but that the problems of urban communities are immense, and require vast sums of money. But as the President's National Advisory Commission on Rural Poverty has indicated, although 30 percent of our population live in rural areas, 40 percent of them are in the poverty group, and in my opinion, I think it is totally unfair for these people to be "the people left behind," simply because they can't organize into politically impressive groups.

They, too, need special assistance to attain a decent standard of living.

If more funds are needed in urban areas, then it is up to you in Congress to appropriate the additional funds, but they should not be siphoned off from MDTA funds properly and equitably apportioned among the States.

The Secretary of Labor, under the MDT Act, already has 20 percent of the funds to allocate as he sees fit, into urban areas.

Senator PROUTY. Mrs. Hackel, I understand that after the Secretary withdraws unobligated, OJT funds from the States, these are merged in a sort of national pool, from which are funded such projects as job opportunities in the business sector, and community employment program systems.

Do you believe that the manner in which this arrangement is being administered is resulting in giving urban areas an inordinately larger amount of moneys than it was intended by Congress that they receive under MDTA?

Mrs. HACKEL. Yes; I do, because most of the national pool, it is my understanding, goes into urban areas, very little of it goes into rural areas, and unfortunately, usually because a congressional delegation is interested.

Senator CLARK. I just want to point out that in terms of power, certainly in the Senate, the rural areas can do anything they want to, if they would only get together.

So many of them aren't sympathetic to this program, and vote against it.

Mrs. HACKEL. The problem is they are not as politically adept as some of the urban groups.

Senator CLARK. Don't tell that to me, with Senator Prouty on this committee.

Mrs. HACKEL. Many of them are not making their needs known as effectively, apparently, with recent legislation introduced into Congress. I have already stated for you the particular situation in Vermont in the current fiscal year, in the belief that this is indicative of what has been happening in other States.

Our MDTA funds institutional are administered by the Department of Employment Security, whereas the OJT funds are administered by one man in the State of Vermont, who is a Federal employee, in the Bureau of Apprenticeship and Training.

Senator CLARK. I gather you don't get along with him very well.

Mrs. HACKEL. Not so. Not so, really, because he unanimously consented to the request that the OJT funds that were unutilized go to institutional projects, and one of the reasons for this was it wasn't entirely his fault that he was unable to utilize these funds.

Senator CLARK. If there is only one of him, it would be hard for him to be other than unanimous.

Mrs. HACKEL. I am talking about the CAMPS committee, and he was on the CAMPS committee, and it was a unanimous recommendation of the CAMPS committee.

I am sorry I didn't make that clear.

In any event, I said to him, "Why don't you use these funds?" And he said, part of his inability to utilize these funds was the result of a Department of Labor directive, I have it there in the printed statement, stating that:

> Effective September 1, 1967, and extending through October 20, 1967, a stop order is in force which in general application directs that all promotion and development work on MDTA-OJT, and the execution of contracts be suspended.

That is a quote, and that is the end of the quote.

Senator PROUTY. Mrs. Hackel, I am quite familiar with that problem. In fact, I believe the freeze was still on in December 1967, as I recall getting Labor Department approval for an OJT project which had been designed for Vermont but which had been denied by the Vermont BAT man acting under instructions from the Department of Labor's regional director in Boston.

Actually, this experience was repeated in the spring of this year, after the unobligated money had been withdrawn from Vermont, and prospective program sponsors had been informed again that they could not even file applications, much less have them considered.

Mrs. HACKEL. That is correct, Senator Prouty. That is my understanding from the Bureau of Apprenticeship and Training man in the State of Vermont, also.

On January 1, then, there were $126,000 in OJT funds that had been unutilized by the BAT man, and they were withdrawn by the Secretary of Labor from the State of Vermont.

At a June 1967, meeting of the Interstate Conference of Employment Security Agencies, of which I am region 1 vice president, and I was last year also, I was concerned about this problem, so were the other administrators, because as I have stated, we lost three-quarters of our OJT funds last year, too, so in response to questions on this subject of the allocation as between OJT and institutional projects, the Manpower Administrator, Mr. Ruttenberg, stated according to the minutes of the meeting, quote:

> Mr. Ruttenberg, in commenting on how the administrative decision is made on how much money in the States can be for OJT and how much for MDTA, said that there is an arbitrary formula which is identical in all States and it does not take into consideration poor or good performance on either OJT or institutional * * * Mr. Ruttenberg asked that the minutes show that during the course of the fiscal year, preferably after the first two quarters, amendments to the MDTA plan or the CAMPS plan that would propose redistribution of funds between institutional and OJT training within the State would be entertained and considered by the Manpower Administrator.

Thereafter, on January 2, 1968, the earliest time that we understood he would entertain such a request, the CAMPS committee in the State of Vermont unanimously proposed to the Manpower Administrator of the Department of Labor that our OJT funds be transferred to institutional.

We had used up all our institutional, and we needed vastly more sums, and with the request went a proposed program of training projects, and a request for transfer of the $126,000 in funds.

Our CAMPS committee is composed of representatives of the departments of State government that are interested in these programs, education, social welfare, agriculture, and in addition, the representative of OEO and the BAT man in the State of Vermont.

Senator Clark. What is your opinion of the effectiveness of the CAMPS Committee and the CAMPS program, Mrs. Hackel?

Mrs. Hackel. I think it might be the best method yet devised for fairly allocating States projects among the State localities that need them most.

Senator Clark. Is the level of ability on the committee pretty high?

Mrs. Hackel. The representatives are high level in the CAMPS committee. In addition, the Department of Labor recently funded staff, and in fact, an executive secretary and clerical which will make it far more effective..

By letter dated March 11, 1968, we were informed from the regional office that the transfer was not possible.

Senator Clark. Why?

Mrs. Hackel. They didn't say why. They just said it was not possible. It had gone into a national pool.

Senator Clark. I think we ought to ask them to take a look at that, Senator Prouty, don't you?

I must say superficially that it seems pretty arbitrary.

Go ahead.

Mrs. Hackel. Thank you, Senator. At this time, I would like to propose that this honorable committee give consideration to an appropriate amendment to——

Senator Prouty. Mrs. Hackel, before you go on, I am just looking at your second paragraph on page 6, and what you have said prior. I wish to compliment you for documenting a situation which has become increasingly distressing to me during the last 2 years.

The money involved in Vermont is small by today's standards, but I am afraid that our experience is illustrative of how these programs have been administered across the country.

Briefly, attempts to have OJT programs funded in Vermont have met with practically no success at all. Records are unavailable, because of the Department of Labor's policy of refusing to even let applications be filed.

Those Vermont sponsors who had the foresight to appeal to me were fairly successful in having programs funded through my intervention with the Department of Labor. I have no idea how many others accepted the representation of their government agent at face value, and took no further action when told their applications could not even be filed, not knowing that money was available for Vermont, but that the Labor Department had issued orders it was not to be obligated.

Senator CLARK. I must say I get a little upset, and I would like this on the record, at the extent of oversight which seems to be essential by members of this subcommittee in the whole area in which we work. The executive ought to be doing this without having to be prodded all the time by Members of the Senate and this committee.

I get a sense of frustration. I share your concern, Senator.

Senator PROUTY. We certainly have enough problems without having these added to them.

Senator CLARK. We do, indeed.

Senator PROUTY. Mrs. Hackel, have you any statistics on the funding of those agencies?

Mrs. HACKEL. Yes. As a matter of fact, I have them here with me. Of our entire allocation of $180,000, only $25,000 was funded by the Department of Labor, without the intervention of Senator Prouty.

On January 1, we had lost $126,000. It went into the national pool, presumably. Thereafter, there were two projects funded in the State of Vermont, one for approximately $29,000, and one for $5,000. Both firms contacted Senator Prouty, who made known that he was interested in seeing their application at least accepted, and subsequently, they were funded.

Senator CLARK. Thank you.

Senator PROUTY. I have offered an amendment to S. 2938 which would require the Secretary to accept all OJT applications, and to give written reasons for those disapproved. This will not interfere with the Secretary's discretion to approve or reject applications, but it will provide a record so that we can determine whether or not small States and States with large rural areas are arbitrarily being discriminated against in program approval.

What do you think of an amendment of that nature?

Mrs. HACKEL. Your amendment would require that the Secretary accept the application and give reasons for disapproval.

Senator PROUTY. That is right.

Mrs. HACKEL. I think at least we would have a true picture in this country of what the States actually wanted to and could do under OJT that way.

Senator PROUTY. I hope the subcommittee will give serious consideration to that proposal. I am very much interested in it.

Mrs. HACKEL. May I proceed?

Senator PROUTY. Yes.

Mrs. HACKEL. At this time, I would like to support an appropriate amendment to S. 301 as proposed by Senator Prouty as an amendment to S. 2938, that each State have authority to allocate its own State allotment.

Senator CLARK. Mrs. Hackel, excuse me for interrupting you. I am not familiar with S. 301.

Mrs. HACKEL. The apportionment section of the MDT Act.

Senator CLARK. I beg your pardon.

Mrs. HACKEL. I am sorry, because that is my fault. It is section 301, right, and it would be the amendment to S. 2938.

Senator CLARK. Right.

Mrs. HACKEL. Providing that each State on its own have authority to allocate to OJT and institutional projects the entire amount of the State apportionment.

In accordance with the State plan, a CAMPS committee type of plan, and further, that the Secretary could not reapportion before the expiration of the ninth month of the fiscal year, and that only after notice to the States, together with a showing that there was no reasonable prospect that the States could utilize the funds.

There is an alternative proposal by Senator Prouty which I would support also, that the funds could not be apportioned until the end of the fiscal year, so long as, as is contained in Senator Prouty's proposal, the funds can be used by the Secretary in a subsequent fiscal year.

Senator PROUTY. I am glad you approve of that proposal, Mrs. Hackel.

Mrs. HACKEL. It would appear, in my opinion, that the responsibility for developing and funding manpower training projects in the State could properly rest in the hands of dedicated, career, professional State agency personnel, rather than in the hands of Federal high-level appointees, understandably subject to more political policy considerations.

Senator CLARK. Well, this is the problem which confronts us. I hinted at it earlier, and I don't want to belabor it. I don't have any doubt that you in Vermont could run this program better than we can run it in Washington, but I would hazard a guess that there are 35 States which could not handle it at all, who have no idea what it is all about, and no interest in it. Unless they get the lead from Washington, nothing will be done. I don't know how we create criteria that will permit States like Vermont, who can handle it, to do it, and prevent other States, which have to be nameless, from just taking the money and blowing it in on useless projects.

Senator PROUTY. If you will send them from these other States to Vermont, we will teach them how it should be done.

Senator CLARK. I don't have any trouble about Pennsylvanians, either.

Mrs. HACKEL. May I suggest that that figure of 35 of 50 States is a rather loose figure.

Senator CLARK. Yes, it is.

Mrs. HACKEL. And perhaps if there were some research done, and applications were accepted on OJT, so that we would know what the States could do, and wanted to do, we might have less disapproval of the quality of the operations in many of those 35 States.

Senator CLARK. This may well be true.

Mrs. HACKEL. I admit that there are some that you are quite right about. They need assistance.

Senator CLARK. Well, just to prolong it for 30 seconds, I used to be mayor of Philadelphia. I had to deal with the Federal Government. I couldn't get anything out of Harrisburg, even when my own party was in control up there. We have got a spoils system. We don't have the merit system. You ought to see the caliber of the people who are interested in doing nothing about these programs.

If I hadn't come to Washington, I never would have gotten a thing for Philadelphia.

We would never have any housing, any urban renewal. We would never have any decent educational setup, if we left it up to Harrisburg; nothing would happen.

This was before one-man, one-vote.

Mrs. HACKEL. I was just going to make this point. Now that we do have reapportionment, isn't there less need to fear rural domination of State government?

Voting blocs of large cities are in the State legislature, and they can be very effective.

Senator CLARK. The trouble is, there is a lag, and I assume, from what you say, you have something approaching the merit system in Vermont.

Mrs. HACKEL. We do, of course, have the merit system in Vermont.

Senator CLARK. Go ahead, Mrs. Hackel.

Mrs. HACKEL. All right. This proposed amendment would also assist in solving another problem that we have learned and discovered in our operations, and that problem is that there is an extended time lapse between the development of the project and the time it is funded by the Secretary.

In the course of that time, we in most cases lose the original group of trainees that had been designated for the program, often to the extreme disappointment of these people, and this would help to solve that problem.

I would like at this time also to support a further amendment to S. 301, section 301 of the MDT Act, relating to the apportionment, and this was also proposed by Senator Prouty, and I am in complete agreement with it—it is bipartisan—that there be a $1 million floor in the apportionment of funds in each State.

Small States, such as the State of Vermont, are serously handicapped in maintaining an efficient training system, and retaining competent instructors, when we have so little funds, and when we have eligible trainees that actually could be trained to perform in job vacancies that exist, and we lose this capability, all because of a relatively small amount of additional funding.

Senator CLARK. What is your opinion, Mrs. Hackel, of the capability of the State employment service in Vermont?

Mrs. HACKEL. I think it has superb capability, frankly. Well, I will withdraw the word "superb"—fine capability. It is my opinion that the Employment Security System is the most efficient manpower system we now have in the country, although I agree that in some States, and I prefer to think it is far fewer than 35, it might need some Federal leverage to get it moving.

Senator CLARK. You think that they have gotten away from the old concept of being interested only in getting jobs for people who are on unemployment compensation, and are really reaching out to bring in the individual for job training, and for job placements?

Mrs. HACKEL. Yes; I do.

Senator CLARK. Other than just sitting back and taking care of the unemployment compensation people?

Mrs. HACKEL. Yes. As the witness testified to earlier this morning, it is only in recent years that there has been a national policy that we must have expensive, highly individualized manpower training programs, in order to reach and assist the hard-core unemployed, and during this period of time, the Federal-State Employment Service system has never had the complete economic and conceptual support of either the Department of Labor or Congress. They haven't been given a chance.

Senator CLARK. Go ahead.

Mrs. HACKEL. Let me describe to you, then, another instance, where Department of Labor policy has served to disadvantage rural States, and I refer to section 241 of the MDT Act, the area redevelopment training project section.

Franklin County in Vermont was designated EDA area, and all ready to go, planned from the beginning of the fiscal year was a Christmas tree project for low-income farm families. It had proved successful in the previous year, because it raised the average income for each trainee family $400, and that is very good, for a low-income farm family.

It was all ready to go, and it was lost to Vermont in this manner. At the start of the second half of the fiscal year, we received a notification from the regional office of the Department of Labor policy to approve no EDA projects, other than for new or expanding industry.

And I submit that this is terribly unfair to those of our farm and rural population who need projects.

Senator PROUTY. Mrs. Hackel, I remember I spoke in the Senate last year praising this particular project, and quoting the Department of Labor concerning its value and success. And I indicated to my surprise and dismay that the Department canceled it, as you testify. I can't understand it.

Senator CLARK. I can't either. We have a great, big Christmas tree industry in Pennsylvania. We will go along with you on this.

Mrs. HACKEL. Now may I comment on S. 3249, section 102, which relates to amending the MDT Act, section 106. This relates to job vacancy information program. I support the concept of an excellent job agency information program in this country, to be developed and established by the Secretary, but I think it should be made clear that this section relates only to a communications system, and not to the actual performance of job placement or other manpower services.

Some of the language is unclear.

In addition, I think it should be made clear that this system should be carried out through the Bureau of Employment Security System, which presently has a partial matching and electronic data system for matching workers to jobs, which we hope will be implemented within the next few years.

To me, it is foolish to have a duplicating, costly competing system, when according to our report, the employment security system should be perfectly adequate and certainly costly enough to do the job.

Senator PROUTY. Well, Mrs. Hackel, from the title of this section, "Job Vacancy and Labor Supply Information," isn't it entirely clear that this is intended to relate only to a communications system, and not to actual performance of job placement and other manpower services?

Mrs. HACKEL. I would certainly hope so, and I would hope that Congress would make that clear in the history of this legislation.

Senator CLARK. If it isn't clear, we can put it in the report.

Senator PROUTY. Well, do you suggest that the present electronic data processing system now being implemented in the Bureau of Employment Security can adequately serve the purposes of this section, without the necessity for the Secretary to establish another system?

Mrs. HACKEL. Yes, I do. It is now in a pilot stage in California and three other States—Michigan, Utah, and Florida. And its design is to match jobs to workers, and we believe it will be fully implemented within a very short period of time. It is exactly the same concept and purpose.

Shall I continue?

Senator PROUTY. Please continue, Mrs. Hackel.

Mrs. HACKEL. In connection to S. 3249, title I, section 103, creating a new title IV of the MDT Act, just as it would be so under title II of the MDT Act, a $1 million floor for each State appears only reasonable to have an economic program.

Also, it seems only reasonable that at least 40 percent of the total funds available for the program be administered by the State agency.

However, in regard to section 410, relating to the State plan, which limits the State-operated share of these funds to 25 percent, it is my position that this is not feasible in some States where the capabilities of small local governmental units are based upon very limited tax resources, and where some quasi-governmental or nongovernmental organizations are really not operating too efficiently.

For that reason, I think the 25-percent limitation is too stringent, especially having in mind that the Secretary, under this act, would still retain 60 percent of the total funds to allocate to urban or other areas or local groups, as he sees fit.

I would at this time also like to point out that under section 410, the State council, which is appointed by the State agency, would review and make a final decision on the act of the State agency in rejecting a local sponsor.

To me, this is very bad administration. I might suggest, as an alternative, that the State council accept only applications of local sponsors which are approved by a local council, composed similarly to the State council.

By that, I mean that the local council would designate a sponsor, the application accepted by the State, and that any proposed sponsor who had been rejected by the local council could then appeal to the State council.

There, the State council would not be reviewing its own act, it would be reviewing the act of the local council.

Senator **Prouty**. It seems to me that you have made two points here. First, that it is bad administrative law, here or anywhere else, to permit a particular agency to have complete authority in appointing another body which will have the final say in determining whether decisions made by such agency are correct and proper.

Is that correct?

Mrs. **Hackel**. Quite right. That would be me appointing my division director, and he being able to make a final decision over what I had done.

Senator **Prouty**. And second, if I understand you correctly, you would permit a State council, presumably a statewide CAMPS organization, to designate a local sponsor, allocated a certain amount of funds, and request it to submit a plan for the expenditure of these funds which the State could approve or reject.

I think that would certainly eliminate the possibility of overlap and duplication of funds.

Mrs. **Hackel**. Yes; and would eliminate some of the political flack you might get, if you had a local council who in the first instance designated a local sponsor. Presumably, a local council would be responsive to the wishes of the community.

Senator **Prouty**. Thank you. You may proceed.

Mrs. **Hackel**. In reference to the proposed new title V, in S. 3249, the Economic Opportunity Corp., it is my position that the Federal-State Employment Service agencies can effectively fulfill the purposes of this section for which $20 million is appropriated.

Senator **Clark**. Without the need for a corporation?

Mrs. **Hackel**. Without the need. I don't think the purposes of this act, to promote the greater participation of private industry in job training and poverty programs, antipoverty programs, and their coordination, requires a new public agency, whether it is called a private nonprofit corporation or not.

Senator **Clark**. Well, there is so much mystique, you know, in certain circles, about the word "corporation." There is a thought in some parts of the business community that if you create a corporation that this is the way to fix everything up.

Mrs. **Hackel**. It is my opinion, actually, as I have stated, that the Federal-State Employment Service system is a highly responsible manpower agency, notwithstanding the lack of complete support and encouragement it has received from the Department of Labor.

I think with this support, it could effectively fulfill the purposes of this program.

I would have no serious objection to the formation of such a nonprofit corporation, to provide technical assistance, although I personally see no reason for it.

However, to assign to it the administration of a massive new job training program is creating more bureaucracy than we need.

This corporation would really be in effect another arm of the Department of Labor. It would be a new bureau in the Department of Labor, and it is not sensible, in my opinion, not to use an already existing bureau in the Department of Labor, the Bureau of Employment Security, which could effectively perform, if it were provided with sufficient administrative funds, and conceptual support by the Department of Labor, and Congress.

In regard to S. 3249, relating to the tax credits to private industry, I do support the concept of tax credits to private industry to encourage them to employ the hard-core unemployed.

To illustrate, I will refer to one employer in the city of Rutland, who recently called our local Employment Service Office. He had had a policy of hiring handicapped workers. He called and stated he could no longer afford to do this. He cited one man who was a blind man on the production line. Of course, if you slow down a production line, this costs the employer money.

In addition, he stated the employee training time is extended, because you have to train them not only in the occupation, but also to overcome a handicap, and furthermore, his inflexibility as to the kinds of jobs he can perform can be a managerial problem.

It was this employer's position, with which I agree, that this is an undue burden to place on a particular employer; the cost should be borne by all of society, and it is especially burdensome on small employers.

If it is national policy that we are going to provide jobs or a guaranteed in come to all of our people who need assistance, then it is my personal preference to provide the jobs to the maximum extent possible, through private industry first, and beyond that, by Government.

Senator PROUTY. I am glad you have mentioned that, Mrs. Hackel. As you know, some years ago, I first introduced what subsequently became known as the Human Investment Act, which follows this general approach. I think it is receiving more and more favorable consideration, as people have time to think about it.

Mrs. HACKEL. In regard to the particular tax incentive provisions of S. 3249, there have been reservations noted by some economic experts, of which perhaps this congressional committee might want to know.

One is that the "job ladder" apparently is being abandoned, because this relates only to training for the hard-core unemployed, which might serve to disadvantage workers in this country already holding those positions; and an employer who lays off any employee and hires a green card employee can expect labor problems; that the green card is a demeaning identification, and it is going to be very difficult for any agency to certify green cards, it will be a difficult certification problem; that the bill is not a training bill, there being no criteria in it or requirements for training; and five, that the combination of tax deduction and tax credit can actually result in a monetary gain for an employer in the first 6 months, and thereafter, free labor for a year and a half.

Senator PROUTY. Mrs. Hackel, I think I should point out that you are now referring to a bill which was introduced by Senator Javits and cosponsored by me.

I am glad to have the benefit of your criticism, and we will certainly study this aspect very closely.

Mrs. HACKEL. Thank you, Senator.

Senator CLARK. I am sure Senator Javits and Senator Prouty will be influenced by your testimony in bringing that bill more in line with this S. 3063.

Mrs. HACKEL. I am going to go on to say now that I far prefer Senator Prouty's Human Investment Act, S. 812, which is patterned after this 7 percent investment tax credit for machinery and equipment, but the tax credits increased to 10 percent, because humans, of course, are subject to mobility, so that there is greater risk.

In my opinion, we should try that kind of a tax incentive program first, and note its effect, before going further with such an extended program as that in S. 3249.

Now in regard to S. 3063, your bill, Senator Clark, may I comment just briefly on that?

I support the concept that jobs be made available in Government and nonprofit corporations with the ultimate goal that the workers who can will graduate to jobs in competitive society, and I further support the concept of financial assistance to corporations to encourage them to take on low-producing workers in a highly competitive industry.

However, in regard to the operations of the program, and the explanation to title III, it is stated that the program will be operated through local public agencies.

It is my contention that to operate diverse manpower programs under several Federal acts, through local public agencies, is not as conducive to maximum coordination and highest benefit cost attainment as would be the use of State agencies with local office capabilities.

Senator Clark. This is the argument we had earlier, and I think I understand your point of view, and I suspect you understand mine.

Mrs. Hackel. Yes. Well, I do think that there is no question but what localities can have difficulty with State government, and on the other hand, I think that State government should be encouraged to participate to the maximum extent possible in the administration of local programs.

Mr. Chairman, Senator Prouty, I thank you very much for permitting me to make this presentation.

Senator Clark. Well, I want to thank you, Mrs. Hackel, for some very, very valuable testimony. I think you have been a splendid witness.

Senator Prouty. We are very grateful to you, Mrs. Hackel.

Mrs. Hackel. Thank you, Senators.

Senator Clark. Our next witness is Mr. Carroll B. Harvey, executive director of PRIDE, Inc., accompanied by Mr. Marion S. Barry, Jr., director of operations of PRIDE.

STATEMENT OF CARROLL B. HARVEY, EXECUTIVE DIRECTOR, PRIDE, INC.; ACCOMPANIED BY MARION S. BARRY, JR., DIRECTOR OF OPERATIONS

Senator Clark. Gentleman, where is your colleague?

Mr. Harvey. He will be in shortly. We are bringing a few of our enrollees, and we want them to have the advantage of an educational experience every time we make one of these appearances.

Thank you very much for inviting me today.

Senator Clark. We are happy to have you, sir. You have a prepared statement, which I will ask to have printed in full in the record. I suggest that you summarize it, though if you want to read it, I don't have any serious objections.

(The prepared statement of PRIDE, Inc., follows:)

(11)

Prepared Statement of PRIDE, Inc., Washington, D.C.

INTRODUCTION

The crisis of the inner city—The lack of basic securities

It is the fundamental proposition with Pride, Inc. that the basic function of a society should be to provide social, economic, and political security. The Urban Crisis, today, springs from the fact that the black inner-city communities are failing to provide these basic securities. The people within these areas are moving, as man has historically moved, to change the social, economic, and political institutions which are failing them.

For the most of the last half century, Negroes have moved to change the laws and the methods of enforcing the laws. This evolutionary process of change, which was intensified during the last decade, addressed itself to the ideal of a raceless society. This idealistic, legalistic and evolutionary process failed to improve the conditions for the black masses; and although the conditions were improved for the 10% population that make up the middle class, the social, economic and physical conditions worsened for 90% of the black masses. With the majority of the black people, the mood, the tone and the temper changed radically. Cries of "black power" have been followed by spontaneous rebellious urban outbreaks, which have brought some segments of the black community to the brink of revolution.

Because the greatest insecurity in the black community evolves around economics, the rebellions have addressed themselves primarily to the most readily identifiable sources of economic exploitation which breed insecurity—the strip commercial shopping districts. The inner-city can in fact be viewed as separate segregated island societies—as undeveloped black island nations within a sea of white affluence. It is a basic proposition of Pride, Inc. that the method of attacking the problems of these segregated urban societies should be the same as America advocates for undeveloped nations. This method is one of building economic self-sufficiency for our inner-city sub-societies.

The uncertainty and insecurity flowing from economic dependency within the inner-city must be broken. The black inner-city residents must be given a stake in the affluence that other Americans take for granted—but jobs alone are not enough. Black people must be able to control the economic institutions which in part control their destinies.

These are demands that are being made throughout the inner-city communities across our nation—a piece of the economic action, a stake in the American economy—In short, economic security for the residents of the inner-city.

Although these demands are widespread throughout the black community, it has been our experience that the greatest requirement for a legitimate place in the economic sun is with that group which we describe as the "core" of the hard core.

Failure of existing programs to meet the needs of the "core" of the hard-core

Many programs in this country supposedly address themselves to the so called "hard-core." It has been our experience, however, when we have examined their actual constituencies, that these programs are in fact performing another kind of "creaming" process. Most often, the people who are actually enrolled are either those people who have the necessary skills or the motivation to succeed. With the system as it is currently defined, those who have the multiple handicaps are most often left out. These are the people who have been dropped out of school or pushed out of the schools. They are often men with arrest and conviction records and they are sometimes men who are users of drugs in their flight from the realities of their existence. They are in the eyes of the larger society, the *losers*. They are, sometimes, in the context of the street, the hustlers; they are, in their own minds, the dudes. They are in the view of those of us at Pride, Inc., the "core" of the hard-core.

Outside of Pride, Inc., no program in Washington attempts to reach these dudes. They are screened out very early and almost never show up on the rolls of those placed. The major employers flee from them. Government turns its back. The only economic point of entry open for most is the illegitimate economy of the street, and every dude knows when you are out there "hustling," sooner or later you will wind up in jail. The inevitability of this unpleasant, frightening and insecure future makes the dude the most hostile entity on the urban scene today.

It is for this reason that we at Pride have decided to spend a major portion of our energies in building economic institutions where a dude's past does not close the door on his future.

Pride, Inc., a self-help cooperative business development corporation

A. The Neighborhood Services Cooperative:
1. A way-station or launching pad to employment in a cooperatively owned business
2. Provides community services
a. Neighborhood clean-up and beautification
b. Rat control by the Rat Patrol
c. Builds work and organizational discipline
d. Builds supervisory and leadership skills
3. Supplies supportive services:
a. Continuing education (computation skills, communication skills and high school equivalency)
b. Health, legal and recreation services (provides new careers, "opportunities")
4. Provides job training:
a. Institutional (Pride, Opportunities Industrialization Center, D.C. Department of Public Health, etc.)
b. On-the-Job-Training (OJT)
(1) Clifton Terrace contract
(2) Pride Headquarters
(3) Urban League Youth Center
(4) South West Community Center
(5) Nash Methodist Church Community Center
(6) Giant contract (led to landscape-gardening business)
(7) Swimming pool contract leading to the establishment of a new painting business
B. Business Development Program:
1. Performance to date:
a. Landscape-gardening business, the model for business establishment
(1) Market analysis to determine the feasibility of entering business
(2) Training analysis and design
(3) Institutional training skills at Pride
(4) On-the-job-training with the Giant Food Stores
(5) Establishment of business
(6) Accepted contract (landscape-gardening business has received nearly $100,000 in private contracts in less than two (2) months of operation to date
b. Commercial painting:
(1) Market analysis (completed and favorable)
(2) Training analysis and design (completed)
(3) Institutional training (In process with the Opportunities Industrialization Center)
(4) On-the-job-training contract with D.C. Recreation Department and the Department of the Interior
(a) Swimming pools (in process)
(b) Clifton Terrace (completed)
(c) Pride headquarters (completed)
(5) Establishment of business (waiting completion of institutional and on-the-job-training)
2. Our future: a. Four (4) new businesses scheduled for start up in the next nine (9) months which can employ up to four-hundred (400) new employees.

RECOMMENDATIONS

1. We are here to specifically speak in support of the purposes of both S–3063, *The Emergency Employment and Training Act of 1968* and S–3240, *The National Manpower Act of 1968* which concern the establishment of employment opportunities in community services and development.

We would like to add that this is one of the purposes of Pride's Neighborhood Services Cooperative. We feel, however, that the program must in addition allow for the participation, not only through the local Community Action agencies or the non-profit agencies as is stated in S–3063, but it is vitally important that the *op-*

portunity must be provided for cooperatively owned "producers co-ops" which can provide these services, or for corporations which have broad based profit sharing programs among its employees.

We feel further that *special consideration should be given to programs which* not only provide public service employment, but in addition *provide* skills *training for other kinds of employment and supplementary educational skills* to help improve the employees' overall opportunities. We at Pride, Inc. see our neighborhood services program only as a "Way Station" or a launching pad to more sophisticated and better paying jobs in other businesses which we spin off.

Finally, we strongly urge that this committee sponsor legislation which would make a percentage of all federally funded construction and procurement programs (e.g., beautification, public works, urban renewal, public building maintenance, and purchasing contracts) subject to small contractor set-aside clauses to allow community based organizations like Pride the opportunity to receive such contracts.

Mr. HARVEY. I will move to summarize it. I think that some of the introductory remarks here are important, because the problem that we are addressing or attempting to address with this legislation is extremely crucial at this time.

The problem of the hard-core unemployed in this country is one of the reasons we are on the brink of the problems that we are having today.

It has been our experience at PRIDE that although these programs say that they are addressed——

Senator CLARK. If you will excuse me for a moment, I think you had better for the record give us a little explanation of just what PRIDE is.

Mr. HARVEY. PRIDE, Inc. is a self-help program which is associated with your concept of public services, but its principal thrust is to establish independent businesses within the inner city communties.

We feel that this is an extremely important feature. Our enrollment today is about 1,200; 300 of these are people who are out of school.

About 70 percent of those out of school are men with records, about 80 percent are school dropouts. We have some who actually are former users of narcotics, and even some aboard that are narcotics users today.

We are operating in the District of Columbia, on a Labor Department grant.

We are particularly interested in the public service aspect of the legislation that is being proposed, both by yourself and by Senator Javits. We have some things we would like to add in that direction.

A little of the background now. We are dealing—as we describe our population—in the sense of having really failed in most institutions, their records of incarceration, of having dropped out of schools, and of multiple problems. Some of our enrollees have been institutionalized most of their lives, since they were 5, 6, 7 years old, reaching the ages of 21 through maybe 26. Their problems of employment are so massive, and their problems of self-sufficiency are so awesome, that basically on their own they cannot handle them.

And most of the employers and most of the programs that are about today won't really deal with them. We have selected this as our population.

Our thrust here is pricipally one of establishing business, because most businesses won't employ these kind of men. Government ignores them, the other programs that are supposed to deal with hard core quickly screen them out, and they are on the street, and they are left basically with their only means of making an income—working with the illegal economy of the street. And it is a real economy. So we have taken this population, because we feel that their need is absolutely the greatest.

Our process is a simple one. We use neighborhood services—and we have been performing them since last August in Washington, but we use neighborhood services or what you are calling public services, only as a way station.

We feel that the skill level required here is minimal. It also allows for earning to make a stable living, and lifts the horizons to look past today, and on toward tomorrow, and for most of our population, this is an extremely difficult problem.

If we are dealing with an illegal economy, in the mind of our population, the dudes, as they call themselves, they realize that ultimately they will wind up in jail.

Senator **Clark**. I think just for semantic and record purposes you had better define what your concept of the term dude is.

Mr. **Harvey**. Our concept of the dude is not our concept. It is their concept. They are the people that are left out of other programs, they are the core of the hard core. The dropouts, the pushouts, the shutouts, the leftouts, of almost every institution or program in our society.

Senator **Clark**. Exclusively male or including girls, too?

Mr. **Harvey**. They are exclusively male, and most people recognize them as the guys hanging on the corners, or where they are organized gangs, they see them, and they call them gangs, or hard core, or ruffians, or hoodlums. To themselves, they are the dudes. So we use their language.

The dude population is basically a hustling population, and hustling to us is any of the activities that are involved in that illegal economy that is not basically reported by Internal Revenue.

And it might be anything from writing numbers to carrying or taking book to the things we are seeing about the bus drivers today—but any illegal means of earning a living—running prostitutes on the street. This is basically the only vehicle left to most of the dudes.

Senator **Clark**. Sometimes referred to as the economy of the street.

Mr. **Harvey**. That is right. Economy of the street. We felt, on the street, where sociologists classically describe organizations or the lack of them as social disorganization, that this disorganization basically is in the mind of the viewer, because it has been our experience, since we started with the hypothesis based on some prior experience, that there is order on the street.

There is leadership, a hierarchy of leadership, frankly, from the top cats or the top dudes, to the lieutenants to the followers.

And they in fact have skills, many of them entrepreneural because some of those businesses are rather large. We have been proven true to a very large extent, that we can take that organization of the street and redirect it and rechannel it, to make it deliver in a positive vein for the society.

We said basically, though, we can't do it as the NYC program or the youth development programs will allow it. We will take a dude off the corner where he is a top man, and——

Senator **Clark**. Why not?

Mr. **Harvey**. Because he perceives himself to be a leader, and if you take him off the corner, away from where he has status, and bring him into a program, and make him low man on the totem pole, and he in his evaluation of leadership finds himself better equipped than the social worker who might be leading that program, he won't stay long, or if he does, he is only using it as a means of supplementing his income to go back to the corner at night to be an even bigger man.

Our concept is "Let's bring the leader from the corner and then let that leader bring his whole corner with him."

Senator CLARK. When you do that, what do you do with him?

Mr. HARVEY. Our intake program is neighborhood services or what you have called, in this bill, public services. It is basically street cleaning, rodent control, and some beautification of neighborhood eyesores. The only requirement that the dude has to bring into that operation is an understanding of the street, and associations of the gangs, or with the groups of walking partners, as they call themselves, because in Washington, with the exception of one area of the city, gangs are obsolete—at least as gangs have been organized in the past, the formal structures.

Senator PROUTY. Mr. Harvey, it seems to me that what you are saying is at least in part contained in S. 3249, which was introduced by Senator Javits and myself, with quite a few Republican cosponsors.

I would like to read you the first paragraph of section 407, which is headed "Local Service Companies."

> Section 407(a): Whenever practicable the Secretary and the state agencies shall encourage and give preference to applications under which community service employment programs are to be carried out on a contractual basis by local service companies. Such contracts may provide for financial incentives to be paid to such local service companies for satisfactory and superior performance of such programs.

Does that represent your general thinking?

Mr. HARVEY. OK; that, in fact, does represent a part of our thinking, but that is only the first step, and I think it is very important here to explain why it is almost necessary to establish new institutions when dealing with the kind of population we are dealing with.

Senator CLARK. Do you form a corporation to do this, or do you think it makes any difference?

Mr. HARVEY. Yes, it does. The population that we are talking about has been failed by almost every institution it has been brought into contact with, starting off with the family at home, the schools—he was pushed out, he was a problem—anyway he failed in that institution.

He wound up in orphanages, or homes for wayward children or right on through his life, through the corrective institutions for juveniles and on into the jails. The only contacts that they have had with existing institutions have been failing contacts and their view of these institutions is that they are something bad.

They have always misdirected, they have hurt him in his life and he is hostile and angry.

Senator CLARK. You did not mention the other traditional institution, the church

Mr. HARVEY. Well, the church has failed him, too. They don't relate to the church. Some of them relate to some other kinds of ideas. But this population, with that view of institutions, will not associate itself for example with the sanitary engineering department of a city like Washington, and I will give you a very real specific.

Last year on the very day that our program had announced openings for a thousand hard-core youth in this city to go out and clean streets and kill rats, that kind of activity, the Department of Sanitation announced another program, paying exactly the same amount of money, for the majority of the people there, for only 439. We filled up our roles in 3 days, over a 3-day span, actually, 16 hours, a half day on Friday, a full day Saturday, and half day on Monday. We closed up more than a thousand positions. The Department of Sanitary Engineering stopped trying to recruit, through USES here, District of Columbia, after 3 weeks.

They could not fill those positions, and in fact, after we had run out, for over 2 days, kids were still coming to us for employment, we were called by Fred Hensel, and asked: "Can you send some people to us?" We sent more than a hundred and still he was unable to finish.

Senator CLARK. Why?

Mr. HARVEY. Because they view those institutions as places where they will be fixtures, and not important parts of the operation.

Senator CLARK. Excuse me, I did not get that. They view those operations as places where what?

Mr. HARVEY. They view themselves in an operation, in established institutions, as being fixtures.

Senator CLARK. Fixtures?

Mr. HARVEY. As fixtures. They are not integral parts of the operation. They want to feel needed, and they want to really be performing meaningful roles, and have the opportunity to move.

Senator CLARK. What you are saying and I am not criticizing, but what you are saying is that they are going to do it their way, or not going to do it at all?

Mr. HARVEY. No.

Senator CLARK. You are not saying it, or you are saying it?

Mr. HARVEY. I am not actually saying a method of how they will do it, but it is part of how they perceive institutions. Their perception of those institutions, all established institutions, are as things that have failed them.

Senator CLARK. In other words they are alienated from the current institutions of their community.

Mr. HARVEY. That is true, and with that alienation it does not matter what the process they follow would be, when actually on the job. It is their view. Their perception is one of a failing institution.

Senator CLARK. Well, now, I have great sympathy with what you are doing, and also a great interest. What is the end result? How long can they continue to operate, alienated from the society of which they are a part? Can they do this permanently?

Mr. HARVEY. No.

Senator CLARK. Go into that a bit, will you?

Mr. HARVEY. All right. Our process is one of—you take the man, and we have a saying, we take the corner, not the dude from the corner.

We bring the whole corner with us. We put them inside of an operation where there are in fact an integral part. Marion Barry, my director of operations is the only professional right now over more than 1,100 men.

A single professional. The rest of them are fellows who came from the street, with street abilities, and street leadership, and a knowledge of that street.

We are actually coordinating our activities today with the Department of Sanitary Engineering. We have—this is one side of our activity—the street cleaning portion.

They have what they call white wing crews. Our crews today, and our organization is becoming its own kind of institution—our organization is out producing those white wing crews.

We are using some of their equipment, and we are coordinating our activities and our earnings throughout the city, but our men are out performing that stable institution, because they are part of their own. They are the leadership, the street leadership, and at varying levels.

Senator CLARK. I am fascinated by all this, but what I am interested in is where do you go from there?

Mr. HARVEY. All right, our step is you take that street leadership and we add to it, inside of our process, some leadership training which brings with it the tools of persuasion, along with the tools of authority, and tools for supervision. So, in fact, it becomes a disciplined group, and the discipline begins to permeate the whole institution itself.

But we only use this as a way station. That is an intake point. These men come in, having failed in school, and needing educational tools, we provide those, too. They need other skills to develop self-sufficiency, and we are building self-sufficiency. They need job skills but on the end of that, they need jobs that are sure. We in fact wind up with the end product being what is described in other programs as a local development corporation, though even we don't call ourselves that. Then we go through a thorough process, and you will find in our prepared statement an outline—which is a very simple outline—on what the neighborhood service program does.

Our neighborhood service concept is a way station, or a launching pad to employment within cooperatively owned businesses, and the way station is the part of the program that provides neighborhood services. These services are shown here, neighborhood clean up and beautification, rat control.

At the same time we build work and organizational discipline we build supervisory and leadership skills. We offer supportive services, because self-sufficiency requires being able to read and compute at a certain level.

We provide those. We have legal and health services, because of the problems of our population. They have health problems, and many of them, problems with either parole board or probation officers.

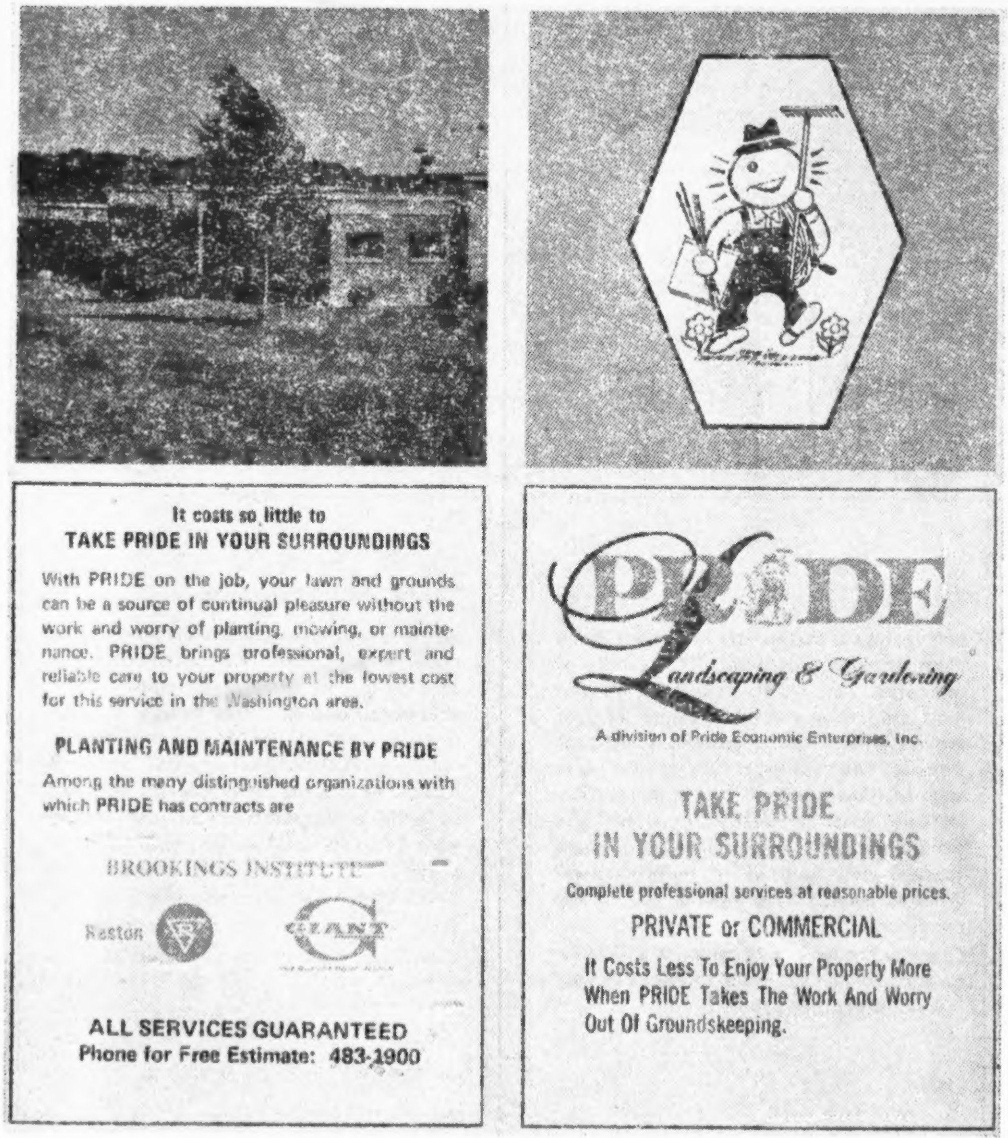
We work with them in terms of those activities. We provide in addition institutional training. PRIDE itself provides some, and one of the businesses that we have started now is the landscape gardening business, which in less than 2 months has become the fourth largest in the Washington metropolitan area.

Senator PROUTY. Mr. Harvey, I have just been handed an attractive advertising folder. Is that what you are referring to?

Mr. HARVEY. You have that and I would like to have this submitted for the record, too.

Senator CLARK. That will be done.

(The document referred to follows:)



It costs so little to
TAKE PRIDE IN YOUR SURROUNDINGS

With PRIDE on the job, your lawn and grounds can be a source of continual pleasure without the work and worry of planting, mowing, or maintenance. PRIDE brings professional, expert and reliable care to your property at the lowest cost for this service in the Washington area.

PLANTING AND MAINTENANCE BY PRIDE

Among the many distinguished organizations with which PRIDE has contracts are

BROOKINGS INSTITUTE

Reston

GIANT

ALL SERVICES GUARANTEED
Phone for Free Estimate: 483-1900

PRIDE
Landscaping & Gardening

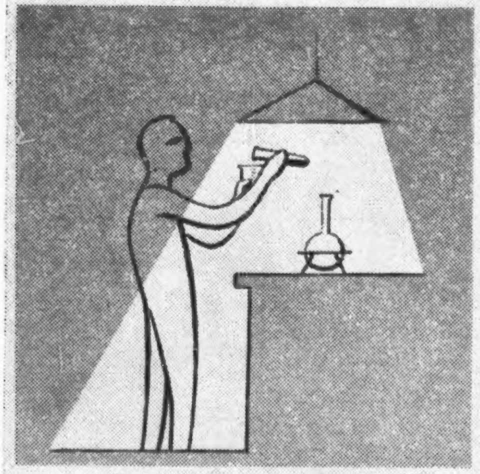
A division of Pride Economic Enterprises, Inc.

TAKE PRIDE
IN YOUR SURROUNDINGS

Complete professional services at reasonable prices.

PRIVATE or COMMERCIAL

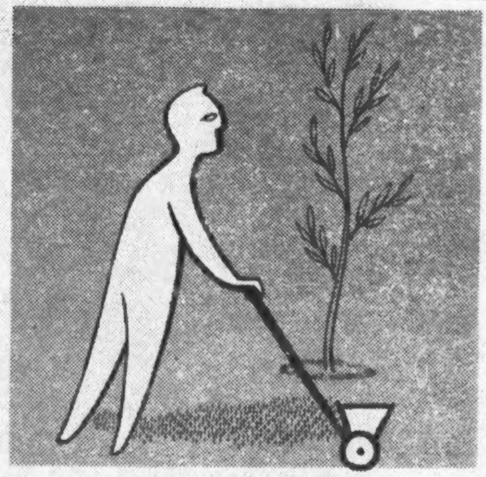
It Costs Less To Enjoy Your Property More When PRIDE Takes The Work And Worry Out Of Groundskeeping.



SOIL TESTING

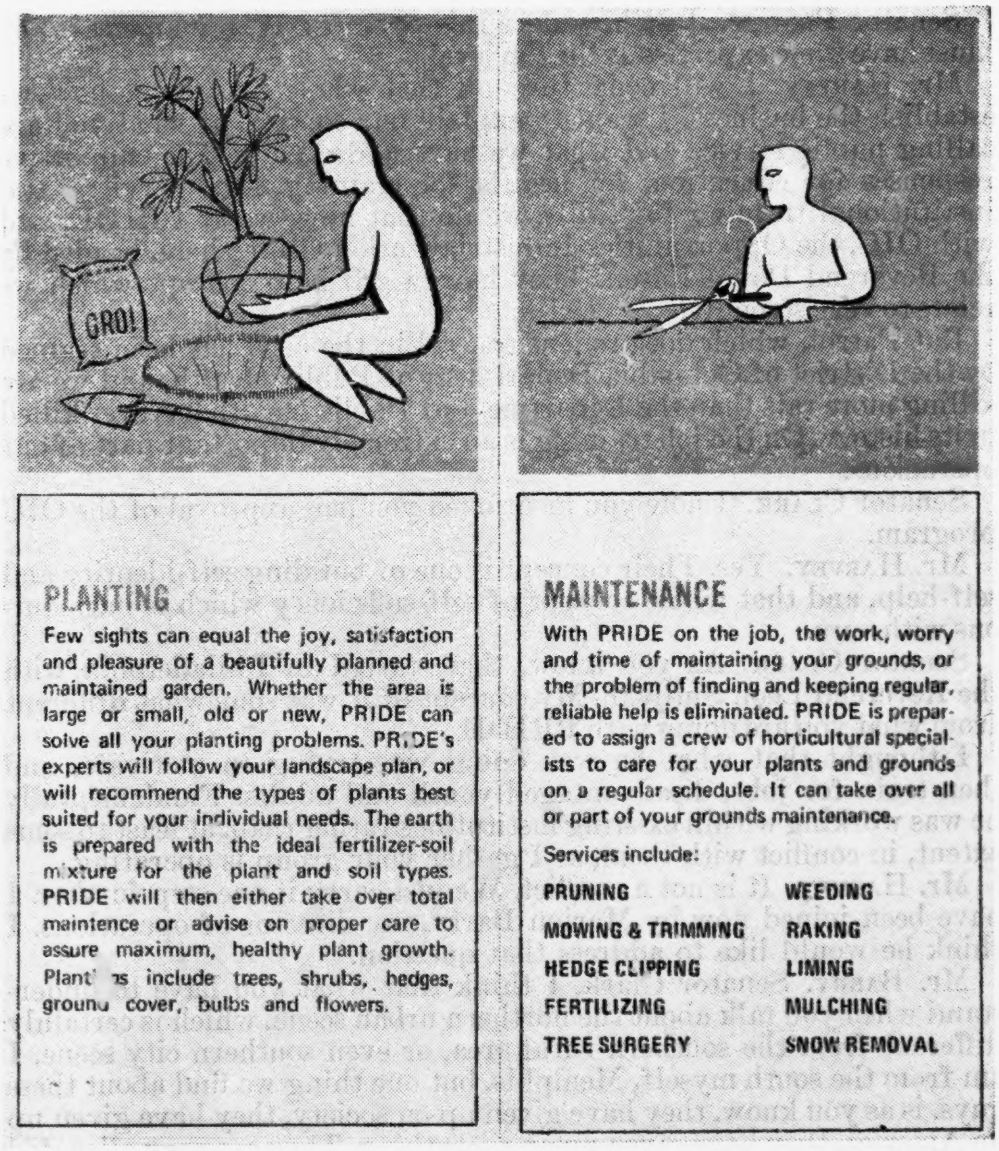
Soil analysis is particularly important in the Washington area because of the variety of soil types. Test results help you make the most productive and satisfying use of your ground areas. Testing answers such questions as: What plants, shrubs, ground cover lawn or flowers will do best in this particular soil? What fertilizer formula will give maximum results? How rich and deep is the topsoil? How long will it be productive? What is needed to bring the soil to top condition?

One low flat fee covers complete soil analysis and provides suggested solutions to your individual planting problems.



LAWN PREPARATION

Whether rejuvenating a tired lawn or laying down a completely new one, PRIDE can take over the entire job, quickly with guaranteed results. Sod or seed preparation includes removal of rocks and stones, raking, leveling, edging, patching, and fertilizing. For sod, the soil is specially prepared to provide maximum, rapid root acceptance. PRIDE will install your sod or provide a top quality sod, at reasonable prices from a distinguished nursery.



PLANTING

Few sights can equal the joy, satisfaction and pleasure of a beautifully planned and maintained garden. Whether the area is large or small, old or new, PRIDE can solve all your planting problems. PRIDE's experts will follow your landscape plan, or will recommend the types of plants best suited for your individual needs. The earth is prepared with the ideal fertilizer-soil mixture for the plant and soil types. PRIDE will then either take over total maintence or advise on proper care to assure maximum, healthy plant growth. Plantings include trees, shrubs, hedges, ground cover, bulbs and flowers.

MAINTENANCE

With PRIDE on the job, the work, worry and time of maintaining your grounds, or the problem of finding and keeping regular, reliable help is eliminated. PRIDE is prepared to assign a crew of horticultural specialists to care for your plants and grounds on a regular schedule. It can take over all or part of your grounds maintenance.

Services include:

PRUNING
MOWING & TRIMMING
HEDGE CLIPPING
FERTILIZING
TREE SURGERY
WEEDING
RAKING
LIMING
MULCHING
SNOW REMOVAL

Senator **Prouty**. Just how does this operate? Who manages? You must have some expertise at the top level.

Mr. **Harvey**. I will come through that whole process of how we establish the business. I want to explain our concept of what you are calling public service and what we have added to it. The supportive responses for education, for health, for training, legal services, and institutional training for skills, we do that now, we at PRIDE, and with OIC, the Opportunities Industrialization Center here, headed by the Reverend David Eaton. They have a self-help concept which we relate to very strongly.

Rat Patrol, which does rodent control in the city, has been trained by the District of Columbia Department of Public Health, and we are killing more rats than the Department of Public Health has ever killed in its history. On the job training is an extremely important part of our operations.

Senator **Clark**. I note you mentioned you had approval of the OIC program.

Mr. **Harvey**. Yes. Their concept is one of building self-identity and self-help, and that whole concept of self-sufficiency which is harmonious with ours.

Senator **Clark**. As you know, that started in Philadelphia with the Reverend Leon Sullivan. My concept of it was somewhat different from what you are doing with PRIDE.

I thought that what he was doing was trying to motivate, and then train for jobs, disadvantaged youth and adults. Fundamentally he was working within existing institutions rather than, at least to some extent, in conflict with them, as I gather your group is operating.

Mr. **Harvey**. It is not a conflict. We just carry it one step further. I have been joined now by Marion Barry, my director of operations. I think he would like to address that question.

Mr. **Barry**. Senator Clark, I think that what you have to understand when you talk about the northern urban scene, which is certainly different from the southern rural area, or even southern city scene, I am from the south myself, Memphis, but one thing we find about these guys, is as you know, they have given up on society, they have given up on America, they have given up on everything. They are very alienated from the system in which we now operate. We have found that we agree with the approach the OIC has taken in some instances, but we discovered that once you give a man training, and then put him back out there into the same system they came from, they don't like it, and they don't last.

So we say this, if we are to hold a man, and we are to develop him, why not then extend that system one step further and create cooperative businesses where they can then move and go into those businesses?

It is still a system that they appreciate, and they like, and that they can relate to, and I think that is the main difference, and I think that what you discover is that a lot of businesses take people from OIC not understanding that you have to treat them a little differently, give them supportive services, and additional kinds of things that they need, and that is the difference.

We can't go into computerized techniques, we can't go into the automobile manufacturing area, we can't go into other highly technological businesses, so there OIC would work very well, but in the service industries where we can go in, and some light manufacturing, and other kinds of things, we can put the men in the package and we can strengthen them psychologically to the point that they don't have to depend on us anymore. They can depend on themselves which I think is very important for the urban scene. You and I both know that there is a lot of alienation, a lot of distrust of the Government, a lot of distrust of existing society. There is no need to take a man out of a bad situation, give him some training, and a job, and put him back in a situation in which he does not relate. If you will follow this program, you discover that invariably the men have problems on these jobs.

We have told businessmen that they can't just treat the disadvantaged, as people call them, the hard-core unemployed, and underemployed the same way. There is a big difference. We don't disagree with OIC except we say we take it one step further.

Senator **Clark**. Let me see if I understand your concept. You tell me if I have not got it right. Your thought is that you take these dudes, off the street corner, and you offer them employment opportunities, outside the regular institutions of the society, both private business and the public sector. You create pride and a motivation in utilizing their own leadership, in getting trained and eventually starting and operating small businesses, largely I would suspect although we have not mentioned the race problem, largely owned and operated by Negroes. This will provide a way of life and a career, and a profitable way of making a living, which never results in their really coming back into the mainstream of conventional institutions and conventional life.

It does give them a pride, a self-sufficiency and an ability to get off the relief roles and get married and raise a family, and move on, as members of society who are self-supporting. Is that it?

Mr. **Harvey**. I would say that is basically it. With the exception of the fact that when you talk about the mainstream I think we had better give a little background, too. We see the problems of 1968, and what is occurring in this country in terms of rebellions, and we define them precisely as rebellions, and there is reason too. I think we had better back up a little.

We take it as a fundamental principle of PRIDE that that society should be able to provide basic securities for its people.

The problem in the inner city, and particularly with black people in the inner city, is these institutions have not provided those securities either economic, social, or political.

Historically when a society fails for some extended period to provide that kind of security, people move to change. We have been following for well over a hundred years a legalistic approach, which has intensified within the last 10-year period, but in fact, for the black masses, the 90 percent, as opposed to the 10 percent who were really helped by that approach, conditions have gotten worse.

We find ourselves now with an insecure inner city and people recognizing that evolutionary processes have not made fundamental changes in their lives. They have no control of the institutions and people now are at the brink of rebellion because they want to again gain this kind of security.

Senator **Clark**. Well, Mr. Harvey, aren't you following the traditional practice, which has existed in this country for many, many years, small business developing itself, and growing, as circumstances permit?

Mr. **Harvey**. Absolutely.

Senator **Clark**. I don't see any difference.

Mr. **Harvey**. Absolutely.

Senator **Clark**. Between what you are doing and what has been done.

Mr. **Harvey**. What we say is that there is no change in that process, except we are cutting a different segment of the population in on the action. They want a piece of the action. So we need to build, psychologically, those economic institutions that the dudes themselves relate to.

They have a stake in them. A stake in the society that other people can see, because this change that is being demanded is both substantive and it is symbolic—a stake in the society for inner city residents, for black people.

So we are building that kind of a stake in the society.

Senator **Clark**. What do you think about a concept which I heard out in Pittsburgh, advanced very persuasively by Gov. John Volpe, of Massachusetts, an outstanding Republican, that what we need in this country is land reform. That land reform means that the Negro will start to own the land, and develop the land, in the areas where he lives, and has land available to him in other areas, too, so that you have a land reform program in this country perhaps as important as it is in Latin America.

Mr. **Harvey**. We agree with this, basically.

Mr. **Barry**. I think the difference, Senator, in terms of Senator Prouty's question, too, is the way basic business works. A few people own the business, and people work for them at slave wages, in my opinion.

Now, $1.40 is not enough for a man to live on, or $1.60 an hour; but what we say then is that the people who work for us are also shareholders in that business, which gives them the cooperative approach.

It goes back to REA in 1936 where the farmers could own a part of the electrical system in America. We say the difference is that, as a worker of a business, you get some of the profits from it. That is the first thing, but I think the second thing is our attitude toward it.

We are not interested in two or three of us taking all the money off the top, and living in Maryland, living in Virginia and slaving the working people to death, and I think the same thing is true with land reform. I think black people in America have to have a feeling of ownership of everything that they live in; their houses; their land; a sense of ownership in the store where they buy; and therefore, they won't burn it down.

If you don't own anything when you burn it down, you have nothing to lose, so we think that if you talk about redistribution of wealth in this country, where poor people, black people, Puerto Ricans, Spanish-speaking, poor whites, can begin to own some of the wealth of the country, they are not going to burn it down, they are not going to destroy it, and that is the difference, I think, from the traditional approach to the business.

Senator **Clark**. Now, let me see again if I understand this concept. You don't have any objection to the profit motive; you think people ought to work to make money, but you don't think there ought to be any absentee stockholders. You think the people who do the work ought to get the money?

Mr. **Barry**. Other than slave labor. I have a problem with anyone making a profit off of my labor, when I am not paid an equal, equitable amount. I think that I am against—we would be against excessive profits.

Senator **Clark**. Well, let's see if we can get it without any semantic difficulty any word problems. I don't think using the words "slave labor" is very helpful to an intellectual solution of what we are discussing.

Actually, you are for a cooperative system, in which the people who do the work own the business, and get the money, and you are opposed to a system where you are selling shares on the New York Stock Exchange to somebody who may live thousands of miles away, but expects to get a $3 share dividend out of the business he has bought into.

Mr. **Barry**. Absolutely. In fact——

Senator **Clark**. In other words, you are a Socialist, but not a Communist.

Mr. **Barry**. Well, that is another word problem we get into. [Laughter.]

Senator **Clark**. Well, I will quit talking and let you explain.

Mr. **Barry**. Let me finish what I started to say.

Senator **Prouty**. Mr. Barry, may I ask this question? You would not object if some investor, whether he were white or black, wanted to purchase an interest in one of these corporations, would you?

Mr. **Barry**. Let me say this, Senator Prouty. One thing that we recognize is that in the economic system we need capital to begin these various businesses. No question about that. And black people don't have that amount of capital, enough capital to go into business, so in a situation such as this if a person wants to invest in the business, I think he ought to, but I think that it is primarily for black people, that they should control at least 51 percent of that business, and that a person who invests ought to get some equitable return on his investment, which is not excessive.

That is the only problem I have here.

Senator **Clark**. Well, if it is not excessive, why is he going to invest in it? The whole purpose of an investor is to make a big profit on capital.

Mr. **Barry**. We disagree with that. That is the problem confronting them now. That is why America is in the throes of turmoil and crisis—a few people in this country own all of the wealth of the country, own all the money.

I read an article in Fortune, or some magazine, which listed 200 people who had more than $150 million.

Now some people don't have $150 a week to live on, with a family of 15, so I think that is an inequitable amount of money.

Senator **Clark**. Wouldn't you actually prefer to have the capital provided by government? In other words, how much money is going through the District government today in contracts which could be used by organizations like PRIDE?

Mr. **Barry**. Absolutely. We say, Senator, that it is going to take a combination of effort. It is going to take private industry in some instances, lending money, and in some other instances giving money.

It is going to take the Federal Government in some instances giving money, and in some instances lending money for this capital, and in terms of the local governments, there are millions of dollars that the District government each years spends on contracts, where the profits go outside of our community.

And let me point this out, Senator. We have a balance-of-payments problem. Black people in this country spend $32 to $35 billion a year, but 95 percent of that money goes out of our community. Who do you pay your rent to in Washington? Someone who lives in Maryland and Virginia. Who do you buy your clothes from? Someone who lives in Maryland or Virginia.

Senator **Clark**. Usually white.

Mr. **Barry**. White. Who do you buy your food from? From Safeway. The dividend goes to Oakland, Calif. So we say that we have a balance-of-payments problem in the ghetto, which is like an underdeveloped country, and economists tell us if you have got an underdeveloped country you try to have more money going in than is coming out. So if the District government, for instance, were to give us contracts, all their contracts for landscaping and gardening, that would keep the money circulating, put more people to work, give us money for rehab, give us money for aid and other things, that would mean that more money would circulate and create more jobs in our community.

I think it should be very clear, when you talk about this kind of thing, it is only revolutionary, it only sounds difficult when you talk about blacks; but it is not revolutionary when you talk about Latin America, when you talk about Africa, where AID and the lend-lease program has given away $50 billion since 1942, and so we say that the Government has to do that, to be able to succeed.

Senator **Clark**. Thank you very much, gentlemen, for what I think has been a fascinating half hour. I don't want to cut you short. Your statement is here in the record, and if there is anything that you wish to say in addition, we will certainly listen to you. We have got one more witness we would like to get through.

Mr. **Harvey**. OK. I would like to make a special point. I think maybe this committee could help us. The point concerns contracts from local government, particularly where there are Federal funds involved; we could move to do something which is similar to the set-aside programs for other kinds of activities, but on all kinds of public works contracts or procurement contracts that involve Federal funds, to see that there is the contracting opportunity for organizations such as PRIDE, or for operations within these inner cities, to get a piece of that action. And that if necessary, let's run it through that conduit that has never been really used at SBA, where they can pick up those contracts as prime contractors, and let them go through subcontracts, and I think you have sort of, this committee has sort of, pushed that idea; let them go through to these other activities. There are programs that come into being, the new programs, like the rat control program in the District of Columbia has gone on with business as usual. It has moved to take the rat control money and put it in the same old process, inside the institutions, when in fact we are killing more rats than the District has ever killed, and by the way, I am on loan from the District government. I am a civil servant, and I am sort of familiar with that activity, but these kinds of programs need to be brought into being, the program of the contract set-asides.

Another thing is that with the 406 money with SBA for technical assistance to establish these businesses, there is a need to get that money out there and moving, and circulating, so we in fact can build that kind of management and business expertise within the black community, within these inner cities, to poor people, so that we can in fact get a piece of that economic pie. The same thing is true with EDA, and this whole economic development program, bringing that technical assistance in, and starting to see that it is used differently, and in some different ways in 1968, and beyond, so we can start to impact this problem not only with the dudes, but with people in general, with motivation, but without resources, to build viable economic institutions.

We would like to make a very strong appeal that this committee start to look at these kinds of activities, and start to bring the pressures that it can bring on the governmental institutions directly, through its new legislation, and through existing legislation by tying on the set-aside kind of idea.

Mr. **Barry**. One final thing, Senator Prouty and Senator Clark; we would like to say that we are for rebuilding. We want to rebuild the cities where people would be happy and glad to live in them, and we say that in order to rebuild, that there has to be a revolutionary approach, has to be revolutionary thinking, and when I say revolutionary, I don't mean guns, I mean in terms of thinking, economic revolutionary approaches. I think if you build cities that way, they are going to be there for a long time. And if we don't build them that way, they are going to be there for a short period of time, so we just want to build the city and take into consideration that in 1968, trying a revolutionary approach to these problems, when people have lost faith, a lot of them, in the Government, we will restore that faith. It is necessary for the Government to prove to us that they are concerned about us, and I think that if you take that into consideration, if you have legislation like this, and if you talk in terms of putting thousands of people—like this legislation is talking about—to work, or millions of people, then we are going to solve our problems.

Unless we do that, I think this country is in for serious trouble. I think that that is what has to be looked at, and I think that certainly the committee has pushed that way, but I think the majority of the Senate has to also understand this, the majority of the House has to understand this, the President has to understand this, and if they don't understand that, I don't know where we are going to be in the next 2 years, because the country, I think, might not even be around.

Thank you.

Senator **Clark**. Senator Prouty?

Senator **Prouty**. I have no further questions.

Senator **Clark**. Thank you, gentlemen, very much for a very stimulating discussion. It has been a pleasure to have you here with us.

Mr. **Harvey**. Thank you.

STATEMENT OF LEO C. BEEBE, EXECUTIVE VICE CHAIRMAN, NATIONAL ALLIANCE OF BUSINESSMEN

Senator CLARK. Will you proceed in your own way?

Mr. BEEBE. Yes; the only reason I have been elusive is that I have been hard at work doing what I have been asked to do.

I would like to begin my testimony to this committee with a request that this committee hire at least one needy youngster this summer. These are extraordinary times, and we have to do extraordinary things.

Senator CLARK. You think that would help solve the problems which confront the country?

Mr. BEEBE. Yes; I think it would. I think it would make a contribution, and I am asking everybody that I talk to these days to do that, all across the country, and I want to extend that invitation to anybody in this room.

There is a need here in Washington. As I say, I have been going across the country asking people to do this. It is in the nature of my work, and I think that an effort of this kind could contribute importantly to the progress on the kind of problems that we are discussing.

I think it is unfortunate that more members of your committee are not here this morning, because I am sure that some of them could also do some good in the same regard, and I hope the invitation will be recorded and forwarded to them.

Senator CLARK. Now would you mind telling us a little bit about yourself, where you came from, and how you got into this job?

Mr. BEEBE. I will do that, sir.

Senator CLARK. And what is the nature of the institution of which you are the executive director?

Mr. BEEBE. I will be glad to.

My name is Leo Beebe. I am executive vice chairman of the National Alliance of Businessmen. I am employed by the Ford Motor Co., but on loan to the National Alliance of Businessmen. I report to Henry Ford, who is the chairman of the national alliance, and to Paul Austin, the president of the Coca-Cola Co., who is vice chairman of the alliance.

I am also a member of the board of the alliance, along with 16 other gentlemen, all of whom but one are businessmen in this country. The membership of the alliance is comprised of 67 business leaders, throughout the country, each of whom, except for seven members at large, is assigned as chairman of a city corporation in the 50 largest cities of the country.

Senator CLARK. Would you mind telling us what you were doing before you undertook this present job?

Mr. BEEBE. I was vice president of marketing and planning, and a director of the Ford Motor Co. of Canada, Ltd.

Senator CLARK. How long have you been with the Ford organization?

Mr. BEEBE. I have been with the Ford organization, this time, since 1945, December of 1945 on various assignments. I had worked for Ford as a factory worker before that, years ago. Beginning in January of 1935, so I have had some in and out experience there.

Senator **Clark**. Thank you very much, sir. Now will you tell us the mission of your organization, what you have been able to do, and then in due course, but at your own convenience, come back and tell us what you think about these three bills which we are taking up this morning.

Mr. **Beebe**. Yes, sir; I will do that.

Our mission is to find 500,000 jobs for hard-core workers in these 50 cities.

Senator **Prouty**. Within what period of time?

Mr. **Beebe**. Beg your pardon?

Senator **Prouty**. Within what period of time?

Mr. **Beebe**. Between now and July 1, 1971, a 3-year period. That has been further subdivided into finding, first, 100,000 jobs between now and July 1, 1969, in addition to which we have been asked to get 200,000 jobs for disadvantaged youngsters this summer.

Now we have organized an effort to go out and ask the employers to pledge jobs, and then having pledged the jobs, to put the people in the jobs and retain them, train them, provide the necessary support services for their retention in the jobs.

We have organized this effort around a very simple concept: Find the job, find the man, and put the two together in a mutually productive environment.

Senator **Clark**. Aren't you trying to get 200,000 jobs in summer, Mr. Beebe?

Mr. **Beebe**. Yes, I just said that, sir.

Senator **Clark**. I see. Now so far you only have 58,000 pledges?

Mr. **Beebe**. That's not right, no. We have, at the moment, on our regular hard-core job, I am pleased to say that we have 106,000 pledges for regular hard-core jobs. These are from employers in the 50 cities.

Senator **Clark**. How far away from an actual job and payroll check is a pledge? You say you have pledges. How many jobs?

Mr. **Beebe**. A pledge is a commitment. It is the start, it is the first step you must take to get somebody on the job. If the employer doesn't have the commitment to do it, if he doesn't want to do it, he won't do it. So the first thing you have got to do is go and ask the employer to please do it, and make a pledge, just like you would a church pledge, or a United Foundation pledge. This is a very pedestrian approach, based on the realization that you must meet people where they are. Today, employers have jobs, the economy is good, so we decided to go ask them to pledge some of these jobs to the most needy people out of our city slums. Having made the pledge, then you go to the next step, which is to find the people, and bring them in, and match them up with the jobs. Then you provide the necessary training and support services to retain them on the job, and upgrade them on the job to the extent that you can. Our effort is organized in that manner.

We, just now are completing the first phase, which is to get the job pledges. As I say, we have already attained our first goal, which was a hundred thousand pledges. We went over the top by 6,000. Some 37 of our cities are well over the goal. All but two are about 60 percent along the way.

Senator **Clark**. Now I am confused between our quota for permanent jobs, which was 100,000, you have got 106,000.

Now, and what I understand to be a program of 200,000 jobs for this summer.

Mr. **Beebe.** That is right.

Senator **Clark.** What is the difference?

Mr. **Beebe.** We have a dual role. We have to get the 100,000 hard-core jobs for regular workers. These are permanent, continuing jobs, in addition to which we have got to get 200,000 jobs for youngsters 16 to 21, this summer, many of whom are in school, some of whom are not.

Senator **Clark.** Now that is where I was quoting the figure of 58,000.

Mr. **Beebe.** That is a figure, if I remember right, I believe that is one that was released on May 10, and since then we have jumped that number to about 70,000.

Senator **Clark.** So you are about 35 percent on the way.

Mr. **Beebe.** That is right, about 35 percent on the way. We are doing very well in our hard-core pledges, we are doing much less well on the youth pledge, which is the reason I made the request I made when I came in here.

By the way, we are not giving up on that. We are gaining momentum. We have got four of our cities over their quotas, and many of the other cities, most of the other cities are making big gains. We are getting into the Job Fair season, we are running all kinds of programs to stir up the employers, we are broadening the base, going to the small employers—one man bands—the Rotarians, Kiwanians, Optimists, and Lions, all across the country. The large companies in this country, for the most part, have responded magnificently.

Senator **Clark.** Mr. Beebe, would it be helpful to you if business, and I am thinking perhaps particularly in terms of small business, if they were given some tax incentive to participate in this program? Perhaps with tax credits, or subsidies, to cover the cost of training programs?

Mr. **Beebe.** Well, I think you have got to look at that in two ways. There is an incentive in the technical sense, and then there is an incentive in a very real sense. I think they already have incentive. The problems are in cities that we are addressing ourselves to. Our businessmen have profited in these communities, they've done well. I think that the price to provide a youngster a job in summer at minimum wages, perhaps $600, is a low enough price to pay for the benefits these businesses have been and are deriving from these communities. Businesses, for the most part, recognize this. Also I think that the talents and potential of these young people—and I have been out talking to them across the country, in the ghettos—represent some real value and additional incentive to the employers.

Now we don't have any money to offer business, to provide jobs during summer. We do have sources of money, the Government has sources of money, for hard-core, to help on the longer term hard-core job.

Senator **Clark.** As you know, Mr. Beebe, there is presently in conference between the two Houses a proposal which Senator Javits and I have been pushing, and I suspect Senator Prouty has been behind it, too, although I haven't talked to him about it, to provide $75 million for jobs this summer. Would you support that?

Mr. BEEBE. Well, I have to say this: that the corporation for which I work does not permit my attempting to affect legislation one way or the other, and I——

Senator CLARK. I see. You are one of those.

Mr. BEEBE. Yes, I am one of those. I am not one of those in the sense in which you speak. This is a determination taken by the National Alliance of Businessmen, independently, so I——

Senator CLARK. Yes; but you have got to keep your tax exemption. That is what I am talking about.

Mr. BEEBE. Well, that's part of it, I think, it has something to do with it.

Senator CLARK. I don't blame you. I am not criticizing you. You are a tax-exempt group.

Mr. BEEBE. Yes, we are. I have to tell you that I honestly haven't polled our board on that. I don't know how the members feel.

Senator CLARK. You had better stay out of trouble with the IRS. Don't comment on it at all. They might say you were advocating legislation.

Mr. BEEBE. I am advocating it?

Senator CLARK. They might say so, I say. Stay away from it.

Mr. BEEBE. No, quite honestly, I have been so preoccupied with doing the job that is assigned to me, with the funding that we have, that I haven't had an opportunity to address myself to additional or different kinds of funding that might be afforded. And I wouldn't want to try to offer testimony about which I would have no expertise.

Senator CLARK. All right, let's leave it alone, then. I will withdraw the question, you just go ahead and tell us what you are doing, and what you think this committee can do to help you.

Mr. BEEBE. Well, as I say, we have been out scouring job pledges. We have got teams led by these members of our alliance who are either chairmen and presidents of the companies, in the cities. We have been catalysts to try to get employers to provide jobs and employers have responded, for the most part very positively, and so that we are able to say that we have 106,000 or more firm job placements in hand for the regular hard core. Seventy thousand youth pledges are not enough, but we are still going after our goal of 200,000.

There isn't anything magic about a date. We will keep at the jobs for kids perhaps everlastingly, because whenever a kid needs a job, and whenever there is one available, he ought to have it.

Senator CLARK. Would you agree that if your program is a complete success, and I certainly hope it will be, that you still are only beginning to hit the surface of the underlying problem, because the need is very much greater than your objectives—which I am sure are practical objectives. There is going to be a lot left to do, even if you are completely succcssful, isnt' there?

Mr. BEEBE. I have no doubt that is true. I am sure that our board would go along with that, and our members. And also we feel that with respect to the total problem, that the job effort is just one small part of it. But it could be key, because I think there is going to be a good deal of fall-out result from this program that we are engaged in. When you take it step by step—first getting the commitment—that requires the employer to think about it, and in just the process of thinking about it, a lot of other things are going to occur to him, such as things that were brought up by my predecessors here, from PRIDE, when they were testifying. You will find that a lot of our members, though they don't do it as members of the alliance, individually become concerned with such things as minority entrepreneurship, and welfare, and education and training, and the whole gamut, the whole spectrum of human needs; and they will make a lot of contributions, and will see to it that their associates do, and the supplier firms with whom they do business. These men are all leaders. They serve on committees in their towns, they are activists, and they are going to get active all across this front.

Senator CLARK. I am glad you thought of that, and I think what you are doing is extremely commendable, and I want to encourage you to move your program to completion, and I wish you well.

The only thing that concerns me is that I see every now and then an indication in the press, and perhaps even from some businessmen, and a few Senators, too, to view these JOBS programs as a panacea and a cure-all, and I think you would be the first to admit this is not the case.

Mr. BEEBE. Not at all. Not at all. I see too much evidence that everybody wants a magic cure—the millennium. That's one of the things about us in America. We are impatient. "We have got a problem. Let's solve it now." And this problem has been a long time coming on, and we are not going to solve it now. This is my opinion.

I don't think that what we are doing is the panacea, and I said it was a "pedestrian" approach we were to buy. I think you must start where you are, take the first step first, and from my travels across the country talking to a lot of people, primarily business, but not exclusively business, I find that where people are, they are not really ready for the millennium. Each person must decide whether he is just looking at the problem, or whether he is part of the problem. I suggest that that is a good exercise for everybody. Go back and search your soul, and decide whether you are just looking at the problem, or whether you are part of it, because the answer to that question is going to condition very materially what you might do about it.

Now each of us has got to do some little things, starting where we are. And I think in terms of where the employers are today, that this effort that we are making is a very practical effort, beginning with the commitment to offer a job.

Now that opens up the door to a lot of other things. A lot of employers today who made a commitment are going to find out that when they have to go and identify this person, this hard-core person, that it is going to be a revelation, that a lot of things are going to be required that very few of us have anticipated. It is going to require a program of training—and I don't like the word "training," because it connotes skill, and skills are probably the least important thing involved here. What is involved is attitude.

Senator CLARK. I think you are absolutely right, and to me, probably the most important salutary effort of what you are doing is the educational result, training these businessmen to understand how terrible and complex all these things are, and in the meanwhile you are making a significant contribution.

Mr. BEEBE. I would like to add this: that it is not just the employer, because you take the chairman of my firm, there is a man who is totally dedicated, but he has got a job of getting that dedication all down through the corporation and I know what a difficult job that is, because he tried to get me a little educated when I was back there running part of the sales activity, and I used to get his memoranda that suggested I ought to employ some of these people, and I threw the memorandums in the basket, and I said, "I refuse to consider employing anybody except on the basis of their competence to do the job."

Senator **CLARK**. I think the education of Henry Ford has been one of the most salutary effects of what you are doing.

Mr. **BEEBE**. Well, I think he has come a very long way, but he has got a very big job to do to motivate the people down through the organization. In fact, when we talk about training—if I had a choice of training a hard-core man on the one hand, or the man that is going to work next to him on the line—and I am talking about my relatives and friends—if I had a choice in terms of which is the tougher job, I will tell you that the job on the right is a lot tougher. Training the man next to the hard-core workers to accept the hard-core worker, to relate to him like he ought to relate to him—like he ought to relate to anybody—is the much tougher job, and when you talk about things like sensitivity training, that's the name of the game. How do you get people all up and down the line and in our offices and plants to accept people? Now that is a very big order. But as far as employers are concerned, we think it begins with the commitment. You have got to start somewhere. Do you want to do it?

Senator **PROUTY** (presiding pro tempore). Mr. Beebe, have you received any funds from the Department of Labor to assist you in the training programs which are essential for the so-called hard-core unemployed?

Mr. **BEEBE**. Well, I haven't received any, but employers can. They can qualify under the terms of the so-called MA-3 contract. Employers who pledge to take on a hard-core worker, and will expend more money training and providing support services for that hard-core worker than they would for a normal worker, can qualify for reimbursement through the Department of Labor under the terms of the MA-3 contract.

Senator **PROUTY**. Do you receive technical assistance from the Department of Labor as to how to draw up these training programs?

Mr. **BEEBE**. Technical assistance?

Senator **PROUTY**. Yes. I am not thinking in terms of businesses competent to establish these programs themselves. I am sure many of the smaller industries can't however, without some assistance, and do they receive that expertise in setting up such programs?

Mr. **BEEBE**. Right, you are right. You would be surprised the extent to which big businesses in many respects are not today competent to do this. Now I don't want to paint with a broad brush. Some are, and some are doing a good job of it, but a lot of them aren't, don't know how, because they haven't done it, so they are going to have to subcontract, or learn themselves. Now the Department of Labor is trying to help in that regard. Moneys are provided, so that a firm can go and employ such expertise as they can find to develop training programs, and support programs. There are some institutions around the country who are, I am told, pretty good at this. But much remains to be learned. One of the things we must beware of is expertise. There are an awful lot of people who want to tell you how to do this. I find as I travel around an awful lot of people who don't know how to do it, and I am telling the employers that today, if they want to get into this, they are not very far behind anybody else, and it reminds me of when I taught swimming. You could read a book on how to swim, but you didn't know any more about it than you did before you read the book. There is only one way to learn. That is to get into the water and start learning. That is the way this is going to be, and a lot of us have got to make up our minds that we have got to get into the water and find out how, and that includes the employers, big and small, and that is what I am urging them to do.

Senator PROUTY. There was an article in the Wall Street Journal a day or 2 ago which concerned Hotpoint, which indicated the real difficulty any company is faced with in trying to take care of these people who, up to now, have not been employable. I think Hotpoint deserves great credit, if the article is correct, for doing an outstanding job. Facing these many problems, some business people, at least, would have said "We can't handle it," and would have given up.

You are reported in the Wall Street Journal on May 16 as saying that many older, hard-core unemployed are simply not capable of holding regular industrial jobs.

Is that an accurate reflection of your thinking?

Mr. BEEBE. That isn't an accurate quote. The actual quote was something to the effect that I thought we might find out or I thought we might learn that many of these people couldn't hold a job. Now that is a prediction.

Senator PROUTY. If that happens, what can we do for those people?

Mr. BEEBE. Well, I think you have got to find another way, and I think this is where you may have to find some use for fallback Government programs. I don't think you ought to use them before you try our way. Let's really try. I am all for trying, for every last one of these people. By the way, these quotes get taken out of context.

I think——

Senator PROUTY. I realize that, and that's why I asked you the question.

Mr. BEEBE. I think we should exhaust every possible means of getting these people into productive situations, where they can get in line with the rest of us, and become full-fledged working citizens in the mainstream of our society.

Now having made every effort, and failing in that—and we will, I am sure, with some people because that's the nature of people, somebody is going to stand at the end of the line, not able to do it, then I think we are going to have to talk about, how do we help them, how do we use our Government resources to help them? I think that is probably the only way you are going to be——

Senator PROUTY. The Government ultimately, in cases of that nature, may have to become the employer of last resort.

Mr. BEEBE. I'm not sure whether it should be employer of the last resort, or what. I don't think we can anticipate what we should do until we find out whether we need to do it.

Let's go do this job. Let's find out. Let's qualify people. Let's give them a real chance. Let's make the effort, and then we will know what we need to do. You don't know what you need to do for people until you address yourself to people, and I am saying we haven't addressed ourselves to these people.

That's how we got into the problem we are in.

Senator **Prouty**. I agree, but certainly we can't spend the next decade trying just to measure this problem.

Mr. **Beebe**. No, I appreciate that, Senator. I couldn't agree more.

Senator **Prouty**. We much proceed with all deliberate speed, as the Supreme Court might say.

Mr. **Beebe**. I couldn't agree with you more, Senator, and that is why I am dedicated to this job, and that's why we have established numbers, or quotas, and people say, "You are playing the numbers game." I am not playing the numbers game. I know these businesses are geared to numbers, and if they don't have numbers, they don't act, so we give them numbers, correlated with human needs, individual human needs, and say, "Come on, now, meet them, one by one, quickly." That's why we have a calendar, and a timetable. We have a sense of urgency, and we know we haven't got much time. We're working it out, quickly. I agree with you.

Senator **Prouty**. Are you receiving cooperation from various civil rights groups?

Mr. **Beebe**. Yes, we are receiving a lot of cooperation from civil rights groups. Some are more cooperative than others. After all, they are people. Some groups don't want to talk about jobs, they want to talk about other things, and we are sticking to our guns, but we are not saying that the jobs are the only important part of it. We think they are important, and we think we had better to do what we have cut out in front of us. Now we are talking with all kinds of so-called civil rights groups. We have had conversations, many conversations with the people from CORE, I have talked with the Urban League, I have been out talking with gangs and gang leaders and securing their assistance.

We invited the leaders of all of the prominent groups and many of them not so prominent to come into Washington and sit down with Mr. Ford and myself and the members of our staff and talk about how we work together on outreach to really penetrate the hard core, because we are quite aware of the fact that many of these people have been either rejected or have retreated for one reason or another from conventional institutions and aren't coming back voluntarily. Some of them don't want to come back voluntarily to the employment office, because they have been there, and have had an unsavory experience, so they reject that, and we have got to go find them.

How do we find them? We go into the pool halls and knock on the doors and go to the stores and the churches and we get the help of the gangs and civil rights groups, as you call them, the ethnic or indigenous groups; and we ask for their help. We have been doing that.

Senator **Prouty**. I think there have been one or two prior witnesses before this subcommittee who have suggested that NAB is persuading employers to hire workers who would have been hired anyway without the JOBS program. I am not suggesting that is accurate, but I would like to have you answer that criticism.

Mr. Beebe. I think you never really know the answer to that. I don't think that is all that easy to document. We have a system under which the so-called hard-core worker would have to be qualified or certified. In other words, he has to meet certain criteria, one of which is that he is chronically unemployed. So if in order to qualify under our system he has to be chronically unemployed, I would say perforce we are not getting somebody who would get a job in the normal course of events. Now some of this might happen.

Senator Prouty. Thank you, Mr. Beebe. Unless you wish to add to or comment further on any facets of the program which you think are important, we will adjourn, as I notice that the Senate is about to go into session. I have a brief speech to make on the Senate floor before we get underway.

We have enjoyed your testimony and appreciate having you here. I think your comments have been very helpful.

Mr. Beebe. Thank you very much. I appreciate your listening.

Senator Prouty. I hope you succeed beyond your fondest expectations.

Mr. Beebe. Thank you.

Senator Prouty. Thank you very much.

Senator Clark. Thank you, Mr. Beebe.

At this point I order printed in the record prepared statements and other pertinent material submitted by people who could not be present to testify.

(The material referred to follows:)

Prepared Statement of Hon. Seymour Halpern, a Representative in Congress From the State of New York

Mr. Chairman and members of this distinguished subcommittee, I am pleased to have the opportunity to urge your prompt approval of S. 3249, the National Manpower Act of 1968.

I feel a special obligation to this bill, and it is not merely because I am a sponsor of identical legislation in the House. Rather, it is because I made a public pledge, shortly after the report of the President's Riot Commission was released, that I would do everything in my power to implement the Commission's recommendations.

This package of proposals, I am convinced, is the best, most comprehensive, and most realistic program we have yet devised to breathe life into the commission's recommendations and to strike at the very heart of riots and racial unrest.

The crux of our domestic crisis is, of course, a lack of jobs, and a lack of good jobs. All the other concomitants of poverty-slums, ignorance, hunger and poor health—can be traced back to unemployment and underemployment.

The trust of this bill is to generate, in the first year—with strong participation from private enterprise—some 300,000 new jobs.

Obviously, this is only a beginning. The needs are far greater. This nation is faced with two million unemployed, and ten million underemployed. In our fifty largest cities alone, there is a hard core of more than 500,000 poor who are without jobs; many of them are unqualified for jobs even if they were available.

More ambitious plans than this one have been offered, but we have tried to keep this bill—which would cost nearly one billion dollars—within the realm of legislative and economic reality. It was offered with the view that substantial budget cuts in low-priority items would be made by the Administration, to free the money for this program. These cuts, in the neighborhood of $6 billion, now appear to be in the offing.

To tackle the momentous task before us, S. 3249 has two parts. Title I is a comprehensive and balanced program of both private and public job and training opportunities. I might point out in passing that special emphasis is being given on promoting local service companies owned largely by the employees themselves. This "ownership" factor, I feel, will prove a great incentive for the poor and discouraged to stay on the job and try to move up the economic ladder.

Title II is a system of tax credits to employers who engage in job training programs, a plan I have repeatedly advocated, not just in this bill, but also in previous legislation I have sponsored.

It is my fervent desire to see Congress enact these constructive and creative programs, and I urge you to grant the National Manpower Act of 1968 your speedy blessing.

PREPARED STATEMENT OF J. O. GRANTHAM, VICE PRESIDENT, NORTHERN SYSTEMS CO.

Thousands of people need and want jobs today. Many of them carry the label of the hard-core unemployed—each a victim of the social and economic and cultural and educational deprivation of ghetto life. And in most of our cities which house, however inadequately, this untapped labor pool, plants operated by American industry find it increasingly difficult to fill existing jobs.

Unemployment and under-employment accentuate the urban crisis. Lack of good workers slows our continued economic growth.

To bring together available jobs and potential employees would seem to be relatively simple. But it has proven to be surprisingly frustrating. For every success story from a firm which has involved itself in this key major manpower problem, scores of examples come from companies whose experience would seem to indicate that the hard-core ghetto dweller is either unable to work productively or unwilling to stick to his job.

Where lies the key to unlocking this frustration?

Training—not in job skills but in living skills—again and again proves to be the nebulous, hard-to-grasp catalyst.

The federal government learned the answers through a whole series of successful experimental programs stimulated by congressional passage of the Manpower Development and Training Act of 1962. A number of federal agencies have made significant contributions. But consistently imaginative leadership, innovative and successful approaches, and efficient management in matching man and job have come from the Department of Labor's Manpower Administration.

Private industry today will find answers to its job training puzzles in that body of experience. The Manpower Administration, largely without fanfare, has pioneered the successful transfusion of solid governmental experience into the private sector.

Precisely because of that background the partnership between the National Alliance of Businessmen and the Manpower Administration has the potential to make a bigger impact, on more people, over a longer time-span, than any other domestic program yet conceived in or out of Government.

But that effort will succeed only to the extent that private industry utilizes the Manpower Administration's experience in recognizing and coping with the kind of training problems which must be faced before job training begins.

Most companies with less-than-successful experience among the hard-core unemployed have been understandably unable to handle vital prevocational remedial education and shifting of behaviors and attitudes. Any training of the hard-core must first create the work habits acceptable in the job market and stimulate the ambition to stay on the job. That kind of training does not come cheaply.

It cannot be accomplished by platitudes and slogans. It cannot be done by traditional training techniques.

But it can be done.

You can measure success today in the records of major private training companies like Philco-Ford, Westinghouse Learning, MIND, Learning Corporation of America, and Basic Systems. These other fine companies have developed special techniques and skills not now part of normal industrial experience to cope with the peculiar problems of the hard-core unemployed.

Significantly, this expertise has developed largely through multi-million dollar contracts successfully carried out by private firms for the Department of Labor, the Office of Economic Opportunity, and other agencies.

The record of Northern Systems might be illustrative.

We began operation of three vocational centers in the late summer of 1967 in Detroit, Michigan; Houston, Texas; and Los Angeles, California, under contract to the Department of Labor. Trainees spend eight weeks in the training center, then four weeks in transition, and finally go either to direct job placement or on-the-job training in a nearby plant. In the prevocational phase the trainess is prepared for job situations, for the kind of behavior expected on the job and the social skills necessary for him to move into a comfortable relationship with supervisor, foreman, and fellow employees. Then, in transition, the trainee spends one-half day at the center and one-half day at the plant.

Recently, a study was done by the University of Nebraska to determine reactions of supervisors and foremen—instead of executives and personnel administrators—to the performance of these trainees.

We believe the results are highly significant. The first level impressions of supervisors usually have far more bearing on the employee's success on the job than the deepest social commitment on the part of a board of directors.

Supervisors of 84 trainees (55 men and 29 women) in 17 different job categories were interviewed in depth. The trainees had all completed the prevocational phase of their training and were at various stages of on-the-job training.

Interviewers asked supervisors to compare each hard-core trainee with five typical, ordinary employees chosen by the foreman and on the job for at least six months. They asked supervisors to rank the hard-core trainee with five ordinary employees he had chosen.

They further asked the supervisors to rank the employees as to efficiency in reading, mathematics, and communication; to rate them as to the appropriateness of placement, and to assess their likelihood of retention.

The results were startling!

In all categories the properly trained hard-core trainee ranked comfortably with average expectation for new employees.

They ranked significantly better in terms of the retention prospect.

But perhaps most important, the personal reactions of the supervisors stand out. Many, with admitted surprise, commented that the trainees had a good attendance record. In one city a group of supervisors requested the interviewers to observe personally the trainees at work to verify the supervisors' high regard for them. Full data on this evaluation is available to the Committee and its staff.

I emphasize that Northern Systems has no secret formula. Many other private training companies have developed comparably successful training techniques under the aegis of the Manpower Administration.

Today's problem emerges merely as one of bringing this body of techniques already available in the private sector to bear on the awakening interest of a widening segment of the business community.

These training companies can and should utilize their newly acquired expertise. They can and should risk the necessary investment capital—which might total millions of their own dollars—to supply adequately trained workers to the other firms in this country.

The consortium plan under the JOBS program offers an excellent vehicle. Here a group of concerned companies, each with only a few job slots to make available, can join together to form a job pool in a community. They can, in turn, subcontract specialized prevocational training and necessary skill training to a knowledgeable training company with the expertise and necessary operating capital.

Each employer firm in turn can be reimbursed substantially for his investment by the Manpower Administration.

Again drawing on Northern's own experience, which can certainly be duplicated by many other fine training firms, the consortium approach can be said to work successfully as it has here in Washington.

Here the Board of Trade operates as the prime contractor and we serve as their training sub-contractor. This combination offers maximum access to business and industry and its hundreds of job pledges, through the Board of Trade, and maximum training potential through Northern Systems.

Enriching this partnership with the support of the Mayor's office and the willing cooperation of public agencies who recruit trainees, a solid relationship comes into being working smoothly simply because all of the ingredients mix and match properly.

But every shortcut attempted raises the risk of failure.

Without the confidence of the employer, without expert training, without support of local authorities, or without cooperation of public agencies—without any of these key elements—either the potential employee or the potential employer will be short-changed.

Industry cannot do it alone any more than can the public agencies.

Those who are preoccupied only with the on-the-job training aspect are shortsighted.

Those who would dismiss and ignore the enormously successful record of the Manpower Administration simply don't understand the problem.

Those who believe that the same techniques which have worked for years with the routine employment prospect merely need to be turned to the ghetto, are naive.

Those who would brush aside the training and behavioral knowledge of the Manpower Administration, just because it has a governmental genesis, court disaster.

Those who come to the problem convinced of the impossibility of dealing with federal red tape, have not had experience with the able and concerned personnel who manage these federal programs.

Industry does not need tax incentives to hire good workers. The American businessman wants a productive employee regardless of his origins.

The big training companies can furnish the necessary catalytic influence to bring to bear the essential talents and experience *for* the business community *by* the business community.

Presently, perhaps, only continuing Federal funds can make it profitable for those in this field to continue to expand and develop.

But as all of us consistently furnish top-notch workers, I am confident the American businessman will increasingly choose to pay his own cash to get them, gradually reducing and ultimately ending the need for federal subsidy to that large segment of the hard-core unemployed who are truly employable.

The business community requires only the means to utilize the expertise developed by the federal government under legislation of recent years.

The evolving concept of Manpower Development positions us on the verge of exciting kinds of progress through American business.

We at Northern Systems feel confident that the history of these days will identify the Labor Department's Manpower Administration as the seed from which grew, not a vast bureaucracy, but rather an imaginative and successful solution to one of our major social problems by the business community.

PREPARED STATEMENT OF WILLIAM J. SANDERS, SECRETARY, CONNECTICUT STATE BOARD OF EDUCATION, HARTFORD, CONN.

I am William J. Sanders, Commissioner of Education for the State of Connecticut, and Secretary of the Connecticut State Board of Education. I appreciate the opportunity to make this statement on behalf of the extension of the Manpower Development and Training Act. The Act has been most successful since its inception in 1962. The number of changes in it since that time clearly indicate that it is an instrument readily adaptable to meet the needs of a segment of our society, the poor and the hard core of unemployed. Decisions are now to be made as to the future of the Manpower Program. That it will be continued I have no doubt, but I am concerned about the shape and form it will take in the future.

Since 1962, Connecticut has provided training opportunities under the MDTA for over 20,000 persons. Of these, 15,000 completed the course and of the 15,000, 90% have been placed in employment. The program, therefore, has been 70% successful, no small accomplishment when considered in light of the methods of funding projects, the variety of programs requested, the kinds of people to be helped, and the pressure of time in developing, implementing, and coordinating suitable programs.

The 14 state operated and administered regional vocational-technical high schools have been helpful; the wide variety of completely equipped shops provided by the State of Connecticut have constantly been available to MDTA trainees. Every one of the 14 schools has been utilized for MDTA training, and two of the schools, Hartford and Bridgeport, have processed over 500 trainees in the production machine operator program alone.

Also helpful has been the excellent relationship that has grown up between the state and federal officials in vocational education in meeting manpower needs. There has been a minimum of friction and a fine *esprit* has come into being as they have worked together to overcome almost incredible difficulties.

The State of Connecticut not only adapted its existing facilities to the need, but established new training centers because of the numbers to be trained, and because so many of the programs would have to be held during regular school hours when the school plants were in use. Also, the additional responsibility of occupationally oriented basic education required facilities separate from the existing school facilities. Consequently, there are now in Connecticut eight separate occupational training centers specifically set up to handle MDTA training, each one of which provides basic education as well as skilled training in the same facility or close by. The ninth basic education program is operated in one of the state vocational schools, part of which has been remodeled to accommodate the program (Stamford).

I am told that Connecticut has consistently ranked among the top ten states in number of institutional trainees in MDTA. Now, at a time when an even greater effort must be made to reach and train the hard core of unemployed, Connecticut has available resources, staff, equipment, and facilities to do so. However, we are faced with a cutback in federal funds and under-utilization of existing facilities, concellation of successful programs, loss of hard to come by staff members, and a seeming disregard on the part of the Federal Government for the success that has crowned the efforts of the existing agencies dealing with institutional training in this state.

In the last three years, the number of people enrolled in institutional training in Connecticut has more than tripled to the point where 1200 are continuously enrolled. Yet, the nine basic education centers and the facilities of the vocational-technical schools are working at only one-third capacity for training. In Hartford alone, we have been told there is a waiting list of 400 people who need this training, but who are prevented from entering because of a lack of trainee slots. A similar situation holds in the other major cities of the state. Yet, funds for institutional training have been reduced.

Not only is the cost of institutional training reasonable ($700 per trainee in Connecticut), it truly reaches the people who need it. The latest report shows that in a state with a Negro population of 4.2% (1960 census) Negro enrollment in institutional training stood at 41.5%. Indications are that institutional training has a decided impact on the target population laid down in MDTA guidelines; the high school drop-out, the illiterate, the trainee with a record, the non-white, and the inhabitant of the ghetto area. A recent study conducted in one of the Connecticut cities showed that the enrollment from the ghetto area is over 70%. Another study shows that attendance at institutional training for a six-month period, which included one of the most severe winters in recent years, never averaged below 85%.

In short, institutional training has made a solid contribution and should not only be continued, but expanded. To this end, I should like to make the following recommendations:

1. The number of trainee slots approved for institutional training should be doubled for the coming fiscal year, and doubled again for the following fiscal year. This will allow authorities in Conenecticut immediately to utilize existing facilities not now fully used and to provide lead time to secure additional facilities that we are certain will be needed in the future. On-the-job training also should be extended, but more OJT programs should be coupled with institutional training in order to supply initial basic education. OJT by itself does not reach the hard core and certainly cannot reduce the institutional training that does.

2. Funding for MDTA institutional training should be directly to the Department of Health, Education, and Welfare. Failure to do so has caused delays in the availability of funds which have resulted in projects being washed out and therefore in the withdrawal of opportunities for training and employment.

3. Duplication of effort through direct funding of non-educational agencies for educational purposes should be discouraged. It has come to my attention in Connecticut that the employment service will receive funds for institutional employability training called the *concentrated employment program.* Also continued funding of OEO agencies to set up training centers similar to those already in existence is noted. Furthermore, it has been announced that the model cities program will have funds for training. It would seem wiser to use the programs and facilities available, since they have already clearly demonstrated their effectiveness.

I appreciate very much your granting me this opportunity to speak in support of the Bill and would be happy to forward to you any further information concerning the program in Connecticut that you might feel would be helpful in your deliberations.

PREPARED STATEMENT OF ROBERT E. WEBER, DIRECTOR, PROGRAM DEVELOPMENT, RESPONSIVE ENVIRONMENTS CORPORATION; AND ADJUNCT PROGRESSOR, SOUTHERN ILLINOIS UNIVERSITY

THE ALTERNATIVE TO DESTITUTION

I. Introduction

Poverty and democracy are antithetical for a polity is not democratic when the commonweal sustains poverty, when charity maintains class, when an open society permits closed opportunities, when a pluralistic society denies admission to the plurality. To be forced to live in poverty, is to be denied freedom and justice, for economic freedom today is a precondition of social, political, and psychological freedom. Justice in a democracy demands that we make freely available to everyone the tools of self-development (especially "For Those Without Bootstraps") which he needs to shape his destiny with dignity, so that there are no givers and no receivers, but participants of unequal abilities who are endowed with equal rights to the benefits of culture.

This does not mean scrapping the old virtues of hard work thrift and enterprise which constitute the Protestant ethic, but on the contrary, scrapping the contradictions which have made that ethic suspect in the eyes of the destitute. We must also recreate the conditions in which the old virtues can again flourish and in which the "revolution of rising expectations" can be accommodated. Among these conditions are: development rather than welfare, investment in human capital rather than charity, planned economic assimilation rather than anarchistic extensions of science and technology, maximum education rather than minimum education, training rather than subsistence.

To create these conditions, to break the deterministic chain of poverty, requires two major kinds of action: (1) legislative renewal and revision to change the public policies and institutions which perpetuate poverty; and (2) social intervention in afflicted communities, to prescribe the effective kinds of social medicine, in broad programs of community organization and development, to remedy the disease of poverty. The concern of this paper is with legislative renewal and revision, for the health and the orderly development of democracy depends upon creating both new opportunities and the wherewithal to take advantage of them. And, since jobs constitute a basic method for the distribution of wealth in our society, training and employment opportunities, by definition, must constitute a primary alternative to destitution. To be sure, there are other alternatives, such as welfare and guaranteed income, but, as presently conceived, these themselves are forms of destitution. Thus, the problem is to make the distribution of wealth—that is, employment—an efficient system if our polity and economy are to proceed without civil strife, without gross inequity, and without a colossal waste of human resources.

II. Background

Programs in the general area of employment counseling, training, and placement, developed in the early 1960's, are now beginning to serve as a base of experience for Federal agencies, grantees and contractors, particularly in terms of the accumulation of detailed knowledge of behavior in various subcultures, the interaction between these subcultures and the dominant culture, the ability of the economy to assimilate the "youth boom" and specific developmental problems having to do with motivation, aspiration, expectation and the like.

The trainees involved in previous employment training programs—primarily those funded by the Department of Labor, the Office of Education, The Office of Equal Opportunity, and the Office of Juvenile Delinquency—were for the most part, dropouts, unemployed high school graduates, and underemployed persons. A few were ready for skill training, a few of the younger ones were returned to school after remediation, many were resistant and hard to reach (requiring extensive motivational work), many had cultural and communication inadequacies (requiring remediation and prevocational training sequences), and many had physical and emotional disabilities (requiring special services).

The findings and achievements that emerged in this experience were obtained in adversity, for the past, with its negative conditioning, and the present, which maintains cultural malaise in a negative environment, have proven to be most formidable enemies. At the flesh-touching level—as opposed to the theoretical and administrative levels—the task of developing these trainees, even though their behaviors has been predicted, was discouraging and frustrating. The traineers brought to the program a dismaying repertoire of personal problems; many were illiterate and of low intelligence; many were adjudicated juvenile delinquents; many had sired or given birth to illegitimate children; many had zero or limited work experience; some were emotionally disturbed; and a few were narcotics addicts.

Once in the program these trainees: sometimes fell asleep during training because of their habit of staying out late; were destructive of property, mostly through carelessness and ignorance; stole money and supplies used in training; occasionally committed crimes and were arrested and sentenced; and sometimes dropped out of training for lack of interest and other, more pressing, reasons.

Once trained, they sometimes refused to accept placement; were poorly prepared for earning money (one consequence of a job) and foolishly spent and overspent, to the extent that they got into trouble; sometimes quit the low-entry jobs in which they were placed; were sometimes fired after placement and had to be brought back into the program for further training and remediation.

In short, the sum of our training experiences makes it plain that the majority of our training programs were not characterized by great success. This, however, is not meant to denigrate many fine efforts. After all, almost all programs began with an overwhelming handicap: a decade and a half or more of catastrophic failure on the part of the home and the school, resulting in profound frustration and failure-orientation for millions of underdeveloped humans. The problem then, to overcome the cumulative effects of environmental deficit, becomes one of optimizing training success in future manpower development programs through the identification of the most crucial weaknesses of past programs. Our experience leads us to conclude that adult basic education, particularly intensive literacy training, and an expanded counseling program component are of the utmost importance.

III. Optimizing training success

The American poor—the chronically poor, dependent, and un- or under-employed—are among the last of America's undeveloped resources. And, unlike undeveloped land and untapped mines, America pays staggering penalty costs for permiting the underdevelopment (waste) of its human resources. The underdeveloped land and the untapped mine make no claim against the polity and the economy, but the poor have an inherent claim on the social body based on the principles of our democratic framework.

Moreover, when these claims are unfulfilled, when we ignore our obligations, our society falls ill to the "side effects" of this de facto disenfranchisement: the costs of welfare, delinquency, crime, mental illness, educational failure, alcoholism, narcotics addiction, illegitimacy, civil strife, and a host of other costly forms of abuse, deprivation, and alienation.

When one considers the thousands of persons with severe physical, mental and emotional handicaps who are presently gainfully employed—some competitively, some in sheltered settings—we arrive, somewhat belatedly, at the conclusion that the educationally and socially disadvantaged have the most devastating handicap of all, for in addition to being dysfunctional, almost all hope of self-realization and self-fulfillment have long been abandoned—that is, having been abandoned by society their "reaction formation" is to lead lives of abandonment, lives of futility and despair.

The last best hope for them lies in the collective wisdom of the Congress, which, heeding past-formulated ideals and sensitive to the pressures and exigencies of the present, keeps the democratic polity alive and vital through legislative renewal and revision in a contrapuntal dynamic which overlays the grid of social and technological change with new opportunities and the wherewithal to take advantage of them. However, there are very often barriers between Congressional success expectations and the actual operational programs. We have already identified two of the barriers, namely, adult basic education and the primary supportive counseling program component.

A. *Literacy Training.*—Adult basic education, specifically the attainment of an adequate level of literacy (a minimum of eighth grade level) is a prerequisite in modern society for exercising almost all opportunity options: skill training, employment, skill upgrading, further education, job advancement, etc. In the Chain of Becoming, the attainment of literacy or language arts proficiency is one of the few keystones crucial to the progress of *human* growth and development. A number of cities, such as Washington, D.C. and New York City, for example, have recently published data on the standing of their pupils relative to national norms. These figures which show extensive reading retardation, often combined with deficits in computational skills, reveal the incredible failure of large city school systems, particularly in schools in the inner city, and are a grim forecast of thousands of life-times of very costly problems. Various civil disorder task forces have, even more recently, substantiated these facts. The Governor's Select Committee in New Jersey, for example, found that 94% of the children in ghetto schools in Newark were behind national norms, many of them grossly so. A number of ESEA Title I programs have arrived at similar findings. The industrial town of Chester, Pa., to cite one instance, conducts a demonstration project for high school juniors and seniors who are reading at the early elementary grade levels.

Normally it would be extremely difficult, if not impossible, to teach such children a marketable skill—either in a vocational training course while they are in school or in a manpower development program once they have left school. Fortunately, however, a proven technology and software* have emerged during the past few years which can solve these massive literacy problems with relative ease.

A battery of these instruments in strategically placed learning centers can provide very rapid individualized remediation. Using a daily instrument exposure time of 15–20 minutes, and assuming a relatively normal I.Q. distribution, the program should be able to get an overwhelming majority of the trainees up to acceptable language arts standards (i.e., training readiness) within a 40-hour period. This program which is basically aimed at taking trainees well beyond the level of illiteracy and functional illiteracy and up to levels requisite for good occupational functioning should be buttressed by related classroom activities to further develop academic and social coping skills.

If we apply the Domino Theory to education, we perceive that the first domino to fall is the failure to learn to read. The implications of this for the three levels of growth and development (cognition, feeling, and behavior) result in the collapse of multiple dominoes: failure to learn to read breeds other academic failures, negative self-image, failure orientation, and deviant forms of expression and behavior. Inversely, as past experience has shown, if we make the failure-to-learn-to-read domino spring upright, several other dominoes are sure to follow suit.

We cannot emphasize too strongly that lack of proficiency in the language arts is the fundamental etiology of human undervelopment, for these basic skills are needed for:

the acquisition of information
the processing of information
the utilization of information

And those for:

experimential broadening
social interaction
the addition of depth and meaning
branching to other areas of interest and development
developing coping skills
developing personal assets (vocational and other skills)
developing the skill of acquiring further skills

Which, in turn, are needed for:

wise parenthood
responsible citizenship
continuing education
adequate consumership
transmitting the heritage of culture
economic independence

This flow of skills, this thumbnail sketch of the logic and circuitry of human growth and development, is what modern civilization depends upon for its continuance.

B. *Counseling.*—Former Senator Paul Douglas said recently, "Perhaps the chief effect of the organized church was to inoculate the great mass of Western mankind with such a mild dose of Christianity as to make them immune to the real thing."[1] There is a great likelihood that this same phenomenon holds true for the area of counseling. The hard-core unemployed persons lives a life of chronic difficulty and we know from past experience that such a person's difficulties do not end when he is accepted for training nor do they end when he is actually placed in a job. We know that he must be supported and sustained practically every step of the way through new counseling approaches and by being given "maintenance doses" of counseling. A summary of the approaches developed by Educational Counseling, Inc., in New York City, for more effective and more comprehensive guidance and counseling might prove instructive at this point:

---

*The Edison Responsive Environment Learning System. This system, which is popularly known as the "Talking Typewriter" is a computerized learning system in which the learner experiences multi-sensory involvement and immediate feedback. It is a totally benign system in which the learner can experience neither admonishment nor failure.

[1] *New Republic,* March 30, 1968.

> Supplementing the central facility efforts by reaching out to "where the action is" (street corners, clubs, apartments, pool rooms, etc.) and minimizing the practice of referrals.
>
> Maintaining small case loads and conducting more extensive and more numerous interviews, including interviews with the social cluster (e.g., friends, other trainees, parents, etc.) surrounding the individual trainee. This, of course, is over and above group work.
>
> Performing long-term follow-up, where "rehabilitation closure" is defined as "the ability of the individual to meet the ordinary vicissitudes of life." [2]
>
> Using the mandatory "exit interview" with a strong retention focus to discourage dropping out.
>
> Interacting with the community and linking the trainee to other needed services in the attempt to effect maximum rehabilitation.
>
> Acting as an ombudsman with regard to the trainee's employer and supervisor and developing with them additional techniques, such as the adaptation of the "job tryout" [3] concept, which would permit branching and further minimize failure.

The formulation of new manpower development opportunities and, as stated earlier, the provision of the wherewithal to take advantage of them, is not only of critical importance in terms of the logic of social intervention (priorities, necessary sequences), it is also a preferred form of investment in human capital. A number of cost/payoff studies have been completed on earlier manpower development programs and they show a very attractive early amortization (in earnings, in income taxes paid, and in the reduction of welfare and crime dollars). If new manpower legislation will emphasize literacy training and adequate counseling support, through modest increased expenditures per trainee, we can achieve greater training success, greater vertical mobility for the trainees, and an even more favorable cost/payoff ratio.

U.S. SENATE,
COMMITTEE ON APPROPRIATIONS,
Washington, D.C., May 31, 1968.

Hon. JOSEPH S. CLARK,
Chairman, Subcommittee on Employment, Manpower, and Poverty,
Senate Committee on Labor and Public Welfare,
New Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: I am attaching a letter copy in which the West Virginia Commissioner of Welfare provides information supplementing that provided in his May 13 letter—which I submitted to you under date of May 29. It relates to Food Stamp usage in West Virginia and school lunches.

With good wishes.

Sincerely yours,

ROBERT C. BYRD.
U.S. Senator.

Enclosure.

WEST VIRGINIA DEPARTMENT OF WELFARE,
Charleston, May 13, 1968.

Hon. ROBERT C. BYRD,
U.S. Senate, Washington, D.C.

DEAR SENATOR: This is in reply to a telephone inquiry from your office May 10, 1968, regarding this Department's review of a recent report regarding "chronic hunger" or malnutrition in the United States, and what our own study in 25 counties listed in the report has indicated.

---

[2] S. G. DiMichael and W. B. Terwillinger, "Counselors' Activities in the Vocational Rehabilitation of the Mentally Retarded," *Journal of Clinical Psychology,* V. 9, 1953.
[3] *Ibid.*

To this date, we have not completed our survey so we do not have a report, as such, available. There are, however, some specific observations that appear valid, and important, at this time.

First, without regard to the statistical criteria which might have been used by the National Citizens' Board of Inquiry in compiling this recent material, we have no general basis for attributing any hunger or malnutrition problems in West Virginia to any funding or service gaps, as such, in our programs. This is true even though, like other states, we're meeting only a percentage of need in public assistance grants. As a general rule, we are confident that a household on assistance, by properly budgeting a specific amount for food and then taking advantage of bonus stamps under the Food Stamp Program, has an opportunity to assure itself of at least a minimum nutritional diet.

This leads us to a very clear indication, that, where any hunger or malnutrition problems exist, they basically center about a failure on the part of households to manage properly relatively limited resources. There is evidence that, in perhaps many instances, low educational levels and other factors within a household compound this type of problem, particularly when families have no understanding at all of what might constitute a minimum balanced diet. Some specific instances of possible malnutrition also stem from cases involving parental neglect.

One problem which continues to be of serious concern to us is a relatively high percentage of public assistance households in some of our counties not participating in the federal Food Stamp Program. This situation continues to exist despite very concerted efforts of an educational nature on the part of our staff to increase such participation. In some of the 25 West Virginia counties covered by the recent Citizens' Board of Inquiry study, this percentage of non-participation in assistance households runs as high as 65 percent. In none of these counties is the percentage lower than 22. It thus would appear to us that the U.S. Department of Health, Education and Welfare should change certain policies relative to the federal Food Stamp Program to require mandatory participation on the part of all public assistance recipients.

Again in relation to the Food Stamp Program, we stongly feel that the U.S. Department of Agriculture needs to make some reduction in certain current purchase requirements, particularly with respect to those affecting elderly persons participating in the program. Information provided us by older persons indicate that the amounts of food purchased by them simply are not as great, relatively speaking, as is the case in other households—and they accordingly feel that they cannot afford, nor is it to their benefit, to buy the amount of stamps required to obtain additional bonus coupons.

There likewise appears to be a need for provisions for issuance of free food stamps to those whose applications for public assistance are pending. There surely would need to be a time limit in such provisions, and this should be related to the application processes and procedures as they exist in public assistance programs in the various states.

Continuing studies by our Department indicate that there very probably is a need for additional free school lunches in certain areas. We are in the process of compiling additional specific information with regard to the school lunch program, but some of our preliminary new data would indicate that there are relatively few numbers of free lunches now being provided in some of the counties under study—and that substantial numbers of children in at least some of these counties still are not participating in the school lunch program at all.

We shall be very happy to provide you with additional information with respect to possible hunger or malnutrition problems as we develop it, and as a more complete report takes form. For your information, our study is concerned with these 25 counties: Barbour, Boone, Calhoun, Fayette, Greenbrier, Hampshire, Jefferson, Lewis, Lincoln, McDowell, Mercer Mineral, Mingo, Nicholas Preston, Randolph, Raleigh, Ritchie, Roane, Summers, Tyler, Taylor, Upshur, Wayne and Wyoming.

Very truly yours,

L. L. VINCENT, *Commissioner.*

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, D.C., May 29, 1968.

Hon. JOSEPH S. CLARK,
Chairman, Subcommittee on Employment, Manpower, and Poverty,
Senate Committee on Labor and Public Welfare,
New Senate Office Building,
Washington, D.C.

DEAR MR. CHAIRMAN: I should like to submit for the record, in connection with the hearings you now have under way, the enclosed statement by the West Virgina Commissioner of Welfare regarding hunger and malnutrition, as observed in West Virginia.

With kind regards.

Sincerely yours,

ROBERT C. BYRD,
U.S. Senate.

Enclosure.

WEST VIRGINA DEPARTMENT OF WELFARE,
Charleston, May 29, 1968.

Hon. ROBERT C. BYRD,
U.S. Senate,
Washington, D.C.

DEAR SENATOR: In our earlier correspondence with you regarding hunger problems in West Virginia, we promised that we would provide additional information as it was compiled in connection with a report we have had in preparation.

We, accordingly are making available to you the following data which, at least to some degree, will supplement various points covered in relatively brief fashion in our previous letter. We were happy to know that the information we already have provided was of value to you in your legislative efforts. Here are the paragraphs from our report we feel might be of some further assistance to you:

"To this date, our Department has not had access to the April 22, 1968, report issued by a Citizen' Board of Inquiry which is sponsored by private organizations. Therefore, we have no knowledge of what statistical or other criteria formed the basis for the national summary indicating that at least ten million people in the United States are suffering from "chronic hunger" or malnutrition. News stories have indicated that the Citizens' Board of Inquiry has admitted its figures are only "tentative estimates," and the U.S. Department of Agriculture and other federal government officials have emphasized that there are no official reports either to challenge or to support the board's findings. It is our information, however, that the Citizens' Board pointed to the following 25 West Virginia counties where, it said, "serious hunger problems exist:" Barbour, Boone, Calhoun, Fayette, Greenbrier, Hampshire, Jefferson, Lewis, Lincoln, McDowell, Mercer, Mineral, Mingo, Nichols, Preston, Randolph, Raleigh, Ritchie, Roane, Summers, Tyler, Taylor, Upshur, Wayne and Wyoming.

"The Department of Welfare's efforts to use various statistical data as a means of possibly identifying the reasons why serious hunger problems might exist in the 25 counties have not, in themselves, produced information which appears particularly significant. For example, the percentage of the total population on public assistance in the counties ranges from a low of 2.73 percent in Jefferson to 17.18 percent in Lincoln and 18.01 percent in McDowell. The percentage of active public assistance households eligible for, but not certified for, participation in the federal Food Stamp program ranges from a low of 22 percent in Mingo County to 65 percent in Ritchie and Tyler. As is the case with the public assistance caseload, however, there are large numbers of other socio-economic and additional characteristics in which these various counties are not statistically comparable. In the general matter of school lunch programs and participation in these programs, each of the counties showed non-participation in substantial numbers which in many individual cases either equalled or surpassed the number of children actually receiving meals each day. There is no reason to believe, however, that the school lunch program figures, including numbers of free lunches provided, show trends that are different in any substantial degree from those in counties not included in the national study report.

"Without regard to any statistical or other criteria which might have been used by the national study, however, and similarly without any particular regard to specific assistance caseload and other statistics the Department has compiled, several general observations can be made:

"*First*, very detailed surveys and studies made not only by our staff members but by school officials, home demonstration representatives and others in the various counties, failed to uncover any instances in which individuals or families are starving. The Department of Welfare personnel further believe that cases even of temporary hunger status are relatively isolated, primarily because of provisions within Department of Welfare programs for issuance of emergency food orders. The Fayette County welfare office, for example, has reported issuance of 21 emergency food orders in February, March and April of this year, in addition to certification of 24 persons for emergency food stamps in that same period. The Fayette County office, as well as others throughout the State, report excellent working relationships with such other agencies as County Boards of Education, the Health Department, Vocational Rehabilitation and voluntary groups through which prompt referrals can be made to the Welfare agency when persons are found to be in apparent and immediate need of help.

"*Second*, there is rather substantial agreement among our staff, and apparently among educators and others with whom our personnel are in contact, that there are substantial numbers of households not receiving, or benefiting from, what are considered to be adequate diets. Certainly, to a degree, this situation can be related to some characteristics of existing public assistance and similar programs. It is no secret, for example, that public assistance grants in West Virginia, designed to meet 65 percent of need in our regular programs, generally are well below national averages and are extremely marginal in nature in relationship to present-day living costs. There is not yet the degree of participation our agency thinks is desirable in the Federal Food Stamp Program—an item *to be discussed* in detail later in this report. But from an overall standpoint, the state's programs, and particularly their provisions for emergency help, provide a basis for obtaining balanced if minimum, amounts of food. Actually, our detailed study in all of the 25 counties points more to frequent poor management of admittedly limited resources, including unwise spending of relatively low income; and a lack of functional knowledge in such specific areas as consumer buying, nutrition and proper food preparation as the primary and most serious problems. *It also must be emphasized, at this point, that such deficiencies in management and education are not limited to families in the public assistance caseload. Many families with adequate and even large incomes certainly also fail to obtain or prepare foods necessary for proper, balanced and nutritional diets.*

"*Third*, a significant problem which continues to be of serious concern to us—and one pointed up in new degree in the recent study relative to possible hunger problems—is the relatively high percentage of public assistance households in some of our counties who still are not participating in the federal Food Stamp program. This situation continues to exist despite increased and concerted efforts of an educational nature on the part of our staff, and other professional personnel such as nutritionists and county extension agents, to increase such participation. In 11 of the 25 counties concerned here, for example, there is considerable current activity on the part of our staff and others in the specific area of nutrition education and guidance for Food Stamp program participants. It still would appear, however, that certain additional steps deserve serious consideration and probable implementation with respect to food stamps. It would appear, among other things, that the U.S. Department of Health, Education and Welfare should change certain policies relative to the Food Stamp program to require *mandatory* participation on the part of all public assistance recipients.

"We likewise feel very strongly that the U.S. Department of Agriculture needs to make some further reductions in certain current purchase requirements, particularly with respect to those affecting elderly persons who now, or who might, benefit from food stamps. Information provided us by older persons indicates that amounts of food purchased by them simply are not as great, relatively speaking, as is the case in other households. They accordingly feel they cannot afford, nor is it to their benefit, to buy the amount of stamps required of them to obtain additional free, or bonus, coupons. The purchase requirements likewise must be viewed in the light of assistance grants which, as noted above, are relatively low in West Virginia because we meet only 65 percent of need with a maximum grant of $165 a month in our regular programs. Many public assistance families thus apparently feel that participation in the Food Stamp program leaves them with inadequate resources each month for such other basic items as clothing, shelter and heat. Social workers and public assistance recipients cite other problems, such as lack of adequate transportation or the high cost of transportation from relatively isolated areas, as reasons behind non-participation in the Food Stamp program.

"Attention needs to be called to some recent liberalizations in the Food Stamp Program, including increases in allowable incomes households of various sizes may have and still be eligible for the stamps; and some reduction, to a minimum of 50 cents in West Virginia, in the purchase requirement for those with lowest levels of income. Another recent change also reduced by 50 percent the purchase requirement of a household for its first month of Food Stamp program participation. Still further study and possible liberalization of these types of changes remain essential, however, along with an apparent need for provisions for issuance of free food stamps to those whose applications for public assistance are pending. In this connection, there surely would need to be a time limit, with such a limit to be related to the application processes and procedures as they exist in public assistance programs in the various states.

"Overall and continuing studies by our Department likewise indicate a very apparent need for additional free school lunches in many portions of the State, or at least for some liberalized policies in assessing students for costs of such lunches. This admittedly could be a complex problem involving such very essential matters as local school funding and financial potential, but our studies do indicate that in some West Virginia counties the free lunches, in particular, are relatively few in number. The exact reasons why substantial numbers of children in some counties still are not participating in the school lunch program at all are not readily available to this agency, but answers to that type of question hopefully could be provided by state and county school officials. Information available to our Division of Commodity Distribution which chanels federally donated surplus food items to school lunch programs in every county in West Virginia, indicates that many children and families simply elect not to take advantage of the lunch programs now vailable. There is the very significant fact, however, that allocations of federally donated foods to lunch programs in the state are related directly to the student participation. Additional amounts of surplus foods always are, and have been, available to the state and its counties for school lunches—and the Division of Commodity Distribution has the administrative and related machinery to handle any additional amounts for which West Virginia schools might qualify."

If you have any further questions regarding the results of our study, or suggestions with respect to other information you might desire, please do not hesitate to call upon us.

Very truly yours,

L. L. Vincent, *Commissioner.*

Comptroller General of the United States,
Washington, D.C. June 18, 1968.

Hon. Lister Hill,
Chairman, Committee on Labor and Public Welfare,
U.S. Senate.

Dear Mr. Chairman: This is in reference to your letter of March 29, 1968, requesting our comments on S. 3249, a bill to provide a comprehensive national manpower policy; to improve the Manpower Development and Training Act of 1962, as amended (42 U.S.C. 2571); to authorize a community service employment program; and for other purposes. The bill provides for a number of significant amendments to the Manpower Development and Training Act of 1962 (MDTA). The amendments include a revision to title I of the MDTA and the addition of titles IV, V and VI.

Title IV would authorize the creation of a Community Service Employment Program to provide meaningful public and private employment opportunities in community service occupations for unemployed and low-income residents of urban and rural poverty areas in order to meet the severe problems of unemployment and underemployment, to prepare such persons for jobs in private employment, to increase opportunities for local entrepreneurship through creation of local service companies, and to meet the critical national needs for community services. The Secretary of Labor would carry out this program in cooperation with the States, and appropriations of $400 million would be authorized for implementation of the program in fiscal year 1969 and $500 million in fiscal year 1970.

Title V would authorize creation of an Economic Opportunity Corporation, which would be a private, nonprofit corporation operated by a Board composed of Federal officials and private individuals. The Corporation would not be an agency or establishment of the United States Government. The purpose of the Corporation would be to stimulate greater participation by the private sector in public and private manpower training and anti-poverty programs. The Corporation would be financed through Federal, State and local government grants, donations by individuals and organizations, and by issuing bonds, debentures or other certificates of indebtedness. Initial financing would be through a $10 million grant from United States Treasury, with an additional $10 million to be granted as needed.

Title VI would authorize and direct the Comptroller General to undertake a continuing evaluation of all job training, Work experience, and employment programs conducted or financially assisted by the United States and to otherwise assist the Congress in its legislative oversight functions with respect to such programs. This title provides that the evaluation would include, among other things, a comparison of the relative costs and benefits of different types of training and employment programs, an evaluation of the degree of coordination between different job training and employment programs at the Federal, State, and local levels, and an evaluation of the administration and management by Federal departments and agencies of job training and employment programs. The Comptroller General would also be required to submit a complete report to the Congress annually, not later than 60 days after the beginning of each calendar year on his activities, including a detailed statement on his findings, conclusions, and recommendations, and on the efforts made by Federal agencies in complying with and implementing the legislation authorizing the job training, work experience, and employment programs, and the instructions in relevant congressional Committee Reports.

We have the following comments concerning specific sections of the bill.

Section 106(b), of the 1962 act as proposed to be amended, directs the Secretary to develop and establish a program for matching the qualifications of unemployed, underemployed, and low-income persons with employer requirements and job vacancies on a local interarea, and nationwide basis. The section provides further that in the development of this program, the Secretary shall establish a network utilizing electronic data processing and telecommunications systems for the storage, retrieval, and communication of job and worker information.

In June 1966 a contract was awarded by the Department of Labor to a consultant to make a study for the purpose of determining, among other things, the present status of automatic data processing (ADP) applications in employment security and to consider additional ADP applications in this area. The first phase of this study has been completed and a report was issued in April 1967 which stated that computer-aided placement is found to be technically feasible and practical. At present the Department consultant is working on prototype computer systems for installation in certain model States which should accomplish the desired purpose. It is expected that the first such installation in any State will be accomplished in 2 to 2½ years.

In view of the study currently underway, the Congress may wish to defer action in directing the Secretary to develop and establish a program for matching the qualification of unemployed, underemployed, and low-income persons with employer requirements and job vacancies until the prototype computer installations are operative and their effectiveness evaluated.

Section 405(b) provides that financial assistance for the community service employment programs provided by Title IV shall include but not be limited to programs and activities designed to (1) provide jobs immediately to unemployed or low-income persons who are otherwise unable to obtain satisfactory employment; (2) provide placement services and resources for such persons completing manpower training and antipoverty programs assisted by Federal Funds; (3) assure that persons employed in a community service employment program are provided opportunity for further education, training, and necessary supporting services; and (4) promote the establishment of local service companies and the use of social development organizations to encourage the establishment of such organizations. The section provides further that for the purposes of providing the education, training, and supportive services set forth in item (3)above, funds appropriated under this title may be used to carry out such service programs under other titles of this act and the other provisions of Federal law, by reimbursement to other Federal departments and agencies where appropriate, if the

Secretary determines that such use of funds is the most effective method of providing such services. The financial assistance under this section may include loans for the purchase of supplies and equipment necessary to carry out community service employment programs.

Since presumably all other financial assistance under this bill is in the form of grants, the legislation should indicate the conditions under which loans rather than grants are to be made and whether this provision would operate to preclude the use of grant funds for the purchase of supplies and equipment.

Section 413(c) provides that the Secretary may make payments "* * * to any State agency which has a State plan approved by him under section 407 * * *." Since the conditions under which State plans may be approved are set forth in section 410(a)(3), the reference to "section 407" is apparently in error.

Section 414 provides that whenever the Secretary of Labor finds that there has been a failure by a prime sponsor to comply substantially with any requirement set forth in the approved application or community employment plan of that sponsor; or a State to comply substantially with any requirement set forth in the plan of that State; or a failure by any applicant receiving assistance from a prime sponsor or State agency for the purpose of carrying out a program under this title to comply substantially with the requirements of its application, the Secretary shall notify the prime sponsor or State agency or other applicant that further payments will not be made until he is satisfied that there is no longer any failure to comply. However, the section does not provide for such action or withholding of payments for a public agency or private organization which is provided financial assistance by the Secretary for carrying out community service employment programs or components thereof and which fails to comply substantially with its program. The Congress may wish to provide also for withholding of funds under these circumstances.

We suggest that a new section 416 be added after line 7, page 26, as follows:

"RECORDS AND AUDIT

"SEC. 416. (a) Each recipient of financial assistance under this title shall keep such records as the Secretary may prescribe, including records which fully disclose the amount and disposition by such recipient of the proceeds of such grant, the total cost of the project or undertaking in connection with which such grant is made or used, and the amount of that portion of the cost of the project or undertaking supplied by other sources, and such records as will facilitate an effective audit.

"(b) The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access, for the purpose of audit and examination, to any books, documents, papers, and records of the recipient of any financial assistance under this title which are pertinent to any such grant."

Section 509 provides that the Economic Opportunity Corporation, a nonprofit corporation established under title V of the proposed legislation, shall transmit to the President and Congress annually and at such other times as it deems desirable, a comprehensive and detailed report of its operation, activities, and accomplishments under this title. Since the corporation will be federally chartered, we believe it should be subject to the auditing and reporting requirements such as those of Pub. L. 88–504 (36 U.S.C. 1101), which applies to federally chartered corporations.

In addition, we believe that it is desirable for the Congress to have independent information as to the activities to be administered by the Corporation and financed in part with Federal funds and that such information should be provided by an agency responsible to the Congress. Therefore we suggest that appropriate language be included in the bill requiring maintenance of pertinent records and providing for access to the records by the Comptroller General of the United States for the purpose of audit and examination, for any fiscal year during which Federal funds are available to finance any portion of the Corporation's operations. We suggest also, that such requirements should be made applicable to records of recipients of grants and contracts, other than fixed-price contracts, made by the Corporation.

The suggestions providing for the audits similar to those provided by Pub. L. 88–504 and for access to the records by the Comptroller General of the United States for the purpose of audit and examination may be accomplished by inserting a new section 510 after line 7, page 36, of the bill, as follows:

"RECORDS AND AUDIT

"SEC. 510. (a) (1) The accounts of the Corporation shall be audited annually in accordance with generally accepted auditing standards by independent certified public accountants or independent licensed public accountants certified or licensed by a regulatory authority of a State or other political subdivision of the United States. The audits shall be conducted at the place or places where the accounts of the Corporation are normally kept. All books, accounts, financial records, reports, files, and all other papers, things, or property belonging to or in use by the Corporation and necessary to facilitate the audits shall be made available to the person or persons conducting the audits; and full facilities for verifying transactions with the balances or securities held by depositories, fiscal agents and custodians shall be afforded to such person or persons.

"(2) The report of each such independent audit shall be included in the annual report required by section 509 of this title. The audit report shall set forth the scope of the audit and include such statements as are necessary to present fairly the Corporation's assets and liabilities, surplus or deficit, with an analysis of the changes therein during the year, supplemented in reasonable detail by a statement of the Corporation's income and expenses during the year, and a statement of the sources and application of funds, together with the independent auditor's opinion of those statements.

"(b) (1) The financial transactions of the Corporation for any fiscal year during which Federal funds are available to finance any portion of its operations may be audited by the General Accounting Office in accordance with the principles and procedures applicable to commercial corporate transactions and under such rules and regulations as may be prescribed by the Comptroller General of the United States. Any such audit shall be conducted at the place or places where accounts of the Corporation are normally kept. The representatives of the General Accounting Office shall have access to all books, accounts, records, reports, files, and all other papers, things, or property belonging to or in use by the Corporation pertaining to its financial transactions and necessary to facilitate the audit, and they shall be afforded full facilities for verifying transactions with the balances or securities held by depositories, fiscal agents, and custodians. All such books, accounts, records, reports, files, papers, and property of the Corporation shall remain in possession and custody of the Corporation.

"(2) A report of each such audit shall be made by the Comptroller General to the Congress. The report to the Congress shall contain such comments and information as the Comptroller General may deem necessary to inform Congress of the financial operations and condition of the Corporation, together with such recommendations with respect thereto as he may deem advisable. The report shall also show specifically any program, expenditure, or other financial transaction or undertaking observed in the course of the audit, which, in the opinion of the Comptroller General, has been carried on or made without authority of law. A copy of each report shall be furnished to the President, to the Secretary, and to the Corporation at the time submitted to the Congress.

"(c) (1) Each recipient of assistance by grant or contract, other than a fixed price contract awarded pursuant to competitive bidding procedures, under this title shall keep such records as may be reasonably necessary to fully disclose the amount and the disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance is given or used, and the amount and nature of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

"(2) The Corporation or any of its duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipient that are pertinent to assistance received under this section. The Comptroller General of the United States or any of his duly authorized representatives shall also have access thereto for such purpose during any fiscal year for which Federal funds are available to the Corporation."

With regard to title VI, which would require the Comptroller General to make continuing evaluation and oversight studies of job training, work experience, and development programs—including cost benefit analyses of the different programs and evaluations of management of, and coordination between, different programs—we believe that this responsibility would place a continuous heavy burden on the 2,400 man professional staff of the General Accounting Office and would diminish the flexibility currently available to this Office to examine the various programs and activities of Government involving expenditures estimated at more than $186 billion in fiscal year 1968. In this connection, it should be noted that the General Accounting Office has for some years been conducting evaluations of the job training, employment, and work experience programs operated by the Federal Government and States as part of its regular comprehensive audit program authorized under the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

The additional emphasis which the bill would require the Comptroller General to give to job training, work experience, and employment programs would have the effect of reducing our capability to make evaluations of other programs and activities which, in our opinion, also require our examination and evaluation.

In order to preserve flexibility in the programing of our audits and thus permit increased effectiveness in the use of our manpower, we strongly object to the proposed specific statutory requirement that the Comptroller General shall conduct the continuing evaluations of all job training, work experience, and employment programs conducted or financially assisted by the United States, and solicit the cooperation of the Committee in deleting such provisions from the bill.

We would plan, however, to continue to make evaluations of the job training, work experience, and employment programs pursuant to our existing authority giving special consideration to the congressional interest in such evaluations as evidenced in the proposed bill. In this regard, we are exploring the use of improved evaluation techniques which we hope will permit us to provide to the Congress better information concerning the results of such programs.

Attached is a description of work which has been performed by the General Accounting Office, or which is in process, involving reviews of the programs in question.

In addition, we would like to direct particular attention to the provisions of section 601(b)(1) of proposed title VI, requiring a statistical and analytical breakdown of unemployment and underemployment. We believe that, in view of the expertise already available in such agencies as the Department of Labor, these functions should be carried out by those agencies.

Sincerely yours,

FRANK H. WEITZEL,
Assistant Comptroller General of the United States.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
OFFICE OF EDUCATION,
Washington, D.C., June 17, 1968.

Hon. JOSEPH S. CLARK,
U.S. Senate,
Washington, D.C.

DEAR SENATOR CLARK: Thank you for your letter of May 28 to Commissioner Howe inviting our response to testimony presented to your Subcommittee on May 15.

Enclosed is a statement prepared by the Office of Education, Division of Manpower Development and Training, commenting on the statements and issues raised by the skill center directors. The statement also makes reference to a more stable funding policy recommendation which was included in the 1968 Report of the Secretary of Health, Education, and Welfare to the Congress on the Manpower Development and Training Act.

Members of our staff will be pleased to meet with you and your associates for further discussion of this program if you so desire.

Sincerely yours,

ALBERT L. ALFORD,
Assistant Commissioner for Legislation.

Enclosure.

STATEMENT OF THE OFFICE OF EDUCATION IN RESPONSE TO TESTIMONY PRESENTED TO THE SUBCOMMITTEE ON EMPLOYMENT, MANPOWER, AND POVERTY

Statement—page 628:

Dr. MICHIE. "The bone I have to pick with the Employment Service is relative to their surveys of the job market and the time gap between the survey and the time we get the programs started. Sometimes it may take two years."

Response. It is not always necessary to conduct a job survey before requesting training. Often the job data from which the request is made are provided the employment service by a school, trade association, union or other agency. After validating the data, a request for training can be made. This process may require only a few days or a few weeks. There are occasions, however, when there are delays in making a determination of a training need that are of considerable duration because of union-management contract negotiations or other matters attendant to bargaining which must be resolved before firm data can be available. These are the exception and are not caused by any inadequacies on the part of the public employment service.

Statement—page 629:

Dr. MICHIE. ". . . give us an occupational cluster type of approach. Then the when the job market comes we can switch to it instantly. . ."

Response. The Division of Manpower Development and Training in the Office of Education and the Manpower Administration in the Department of Labor have been working for several months on a plan for "block funding" where there are known training needs within job clusters in the service areas of skills centers. A proposed plan was developed by an interagency study committee in February 1968. It has since been refined and we expect to fund two selected skills centers within the next month on a pilot basis to develop a model for use in funding other centers. It is important, however, in the development of a cluster or block funding arrangement, that a commitment be made to keep reasonably constant the number of training stations or "slots" so that staff and facilities can be retained and moved from one type of training to another.

Statement—page 629:

Dr. MICHIE. ". . . we could be operating at 100 per cent capacity if they would just lift those stupid budget restrictions that we have on individual projects. We have the money. We can do it right now. We can operate that program on a year around, 100 per cent capacity basis, if you will just take those silly project by project restrictions off."

Response. When the Oakland Skills Center was started, projects were approved with a series of "sections" (class-size groups of trainees) end-on-end within a project which extended an individual project over as much as two or more years. Within that extended period of time class sections could be scheduled both end-on-end and on a flexible basis, and enrollments accelerated or held over, or sections made to overlap, as the needs of trainees dictated, or as early job placements reduced the number of trainees in a given section. Recently individual projects have more and more resembled a section; that is, the request for a training project would cover only what before was a single section of an extended project. The project method was not a serious problem until multiple sections within projects were either eliminated or reduced by a reduction in the number of trainee "slots" made available for institutional training. When the reduction in institutional trainee "slots" was coupled with the indefinite status of project approvals and national funding, skills centers could no longer place projects "end-on-end" with no interruption between projects as there had been no interruption in between "sections." The cluster, or "block" pilot program, hopes to overcome this problem.

Statement—page 630:

Senator MURPHY. (Quoting from prepared testimony.) "It says here, 'If we need a typewriter on one project, we have a surplus in another, we cannot legally move the machine without a six-month paperwork delay . . .'"

Response. There is no Federal requirement that such approval must be obtained for the movement of equipment. The Federal regulations simply require that the State maintain an inventory of all items of equipment purchased with MDTA funds having a unit cost of $50 or more, and that during the life of such equipment that the equipment be kept available for use in MDTA projects other than the one for which it was purchased if no longer needed in such project. Often State and/or local management procedures make some paperwork necessary.

Statement—page 631:

Dr. MICHIE. ". . . I think there is something like $80 million tied up in MDTA funds now, allocated for MDTA training, that are not being used. . . . Now as a stop-gap measure, to try to shake these funds loose, they have put a restriction on stating that all projects must be started by June 30th of this year."

Response. The joint directive by the USES, Department of Labor, and DMDT requesting States to start all fiscal year 1968 projects before June 30, is only indirectly related to the fact that States have been slow in some instances in providing reports on final expenditures alluded to by the reference to $80 million in unused funds. With every minor exception, the funds have been used, but State and local audit procedures have not produced final reports on some projects. We do not know the origin of the $80 million figure. The purpose of the June 30 starting date was to improve fiscal management, and to make projects as congruent as possible with the period of the appropriation as well as with State and local audit schedules. The June 30 date is not a hard and fast date, and many States have asked to be relieved of the deadline. No request from a State has been denied. (It is our understanding that the Department of Labor has already furnished the Committee a copy of the transcript of testimany given in the House by the Director of the Division of Manpower Development and Training in our Office which further clarifies this statement.)

LEGISLATIVE CHANGES

Concerning the question asked regarding legislative changes, on April 25, 1967, the Commissioner of Education and the Director of the Division of Manpower Development and Training met informally with the Select Subcommittee of the House in the Office of Congressman Holland and discussed with the Subcommittee the importance of providing continuity in project funding by allowing the States to have a specified minimum amount of their apportionments which they could utilize without project restrictions to provide training specified in their Cooperative Manpower Planning Systems.

The recommendation which follows is contained in the 1968 Report of the Secretary of Health, Education, and Welfare to the Congress, and embodies the suggestions made to the Select Subcommittee of the House mentioned above. Our Office supports legislation of this nature:

Consideration should be given to the need for more stable funding for manpower training programs and for a minimum amount in each State which the operating agency can depend on in setting up its continuing plans for training.

Under current administrative practice, projects are funded individually. In a single institution, different training programs can have different starting and ending dates, and different lengths. These have no necessary relationship to the spending periods of other agencies whose assistance is needed to provide for necessary services to trainees, and no relationship to the period over which correction is needed for conditions which adversely affect the training process.

A minimum assured sum to each State would permit more effective planning of basic and pre-vocational education and skill training, and would provide for greater program continuity. Such extended funding provisions would also allow hiring of administrative, teaching, and counseling staffs on annual contracts. They would facilitate recruitment and retention of highly qualified personnel who are so critically needed in working with the disadvantaged and who are difficult to attract to a short-term project. They would thus broaden trainee choices, which under existing conditions are sometimes limited to the courses which happen to start at the precise time the trainee is referred.

Consideration should also be given to revision of the formulas by which manpower training funds are allocated. Current apportionments are based largely on ratios between State and national unemployment rates and unemployment insurance data. Lack of appropriate full-time employment in the State is also a criterion for apportionment. The data on which this criterion is based are from the 1960 census and therefore do not fully reflect current conditions. Moreover, the criterion is not a major factor in allocation. Hence, States, with substantial numbers of subsistence farmers or unemployed or under-employed workers not covered by unemployment insurance receive less than their fair share of MDTA funds. At present, 11 States receive less than $1 million annually. The provision of a minimum allocation would enable each State to set up more effective manpower programs to meet its own needs and maintain a reasonable continuity of planning and operations.

Senator CLARK. The hearing will now stand adjourned.

(Whereupon, at 12:05 p.m. the subcommittee was recessed suject to call of the Chair.)

○